

New U.S. ties 'still to be tested'

By WOLF BLITZER
Jerusalem Post Correspondent

WASHINGTON. — Prime Minister Yitzhak Shamir and Defence Minister Moshe Arens yesterday cited Syria's ambitions in Lebanon as the major factor leading to the just-announced closer U.S.-Israeli strategic cooperation.

During separate appearances here, the two were plainly pleased by the outcome of their talks with President Ronald Reagan, Secretary of State George Shultz, Secretary of Defence Caspar Weinberger and other senior U.S. officials this week.

At the same time, both Shamir and Arens insisted the real test of the closer U.S.-Israeli relationship will come during the implementation of the joint strategy, designed to promote mutual interests in Lebanon and elsewhere in the region.

"We, in Israel, believe that close cooperation between the U.S. and Israel can go a long way toward securing our common goals (in Lebanon) that are: A free and independent Lebanon, the withdrawal of all foreign forces, including

terrorists, from Lebanon and the implementation of the Israel-Lebanon agreement of May 17, 1983," Shamir said in a speech at the National Press Club.

Both he and Arens flatly denied that the administration had asked Israel to consider changing that agreement in the face of Syrian pressure on the Lebanese government of President Amin Gemayel, who was due to arrive here last night for talks today with Reagan.

The Saudi ambassador in Washington, Prince Sultan, yesterday personally delivered a letter to Reagan from King Fahd urging the U.S. to take a more flexible stance on the matter of revising the agreement. But Shamir and Arens were firm in denying there was any such U.S. intention evident during their talks here this week.

A senior administration official, briefing reporters at the White House, once again insisted the May 17 agreement was good and balanced and that the U.S. wants to see it implemented.

On Tuesday, Reagan said in his farewell statement to Shamir at a White House ceremony: "We agreed that every effort must be made to facilitate the implementa-

tion of the May 17 agreement between Israel and Lebanon."

Arens was due to leave the U.S. last night to return to Israel — 24 hours in advance of Shamir, who later yesterday afternoon flew to New York for meetings with Jewish leaders and others. Arens is coming back to the U.S. to receive an honorary doctorate from Yeshiva University on December 11. He may use that occasion to continue talks with senior U.S. officials.

At a news conference yesterday morning, Arens said the administration had not yet informed Israel of a specific figure it plans to include in its next foreign aid budget for Israel. Israel has been pressing for \$1.7 billion in military assistance, all grants.

He also said that no date had yet been decided on to start joint American-Israeli military exercises. The newly established U.S.-Israeli political-military committee is to convene in January to begin discussions on matters of closer strategic coordination, as well as on moving together in the search for some stability in Lebanon.

On the whole, Israeli officials yesterday continued privately to

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Prime Minister Yitzhak Shamir eats breakfast on Capitol Hill with (left) Senate Foreign Relations Committee chairman Charles Percy (R-Ill.) and Senate majority leader Howard Baker (R-Tenn.). (UPI telephoto)

Protesters in Nablus vow not to back down

Jerusalem Post Staff

NABLUS. — About 30 Jewish settlers continued for the second night yesterday to occupy Joseph's Tomb here. Representatives of the settlers said they intend to stay until their security problems in the West Bank are solved.

The settlers have recently been increasing their protests over rock-throwing and other attacks on them on West Bank roads. The situation came to a head for them Monday morning, when Yosef Stern of Har Bracha was injured in an axe-attack in the Nablus vegetable market.

Acting Defence Minister Mordechai Zupor told the settlers that their action at Joseph's Tomb is illegal and they could not spend nights in the site. They responded that they would stay until they saw a change in security policy in the territories.

Also in Nablus yesterday, a petrol bomb exploded near an Israel Defence Forces vehicle, but there was no damage or injuries. IDF units searched the area.

Meanwhile, OC Central Command Aluf (Maj. Gen.) Amnon Shahak told a Peace Now delegation yesterday that the IDF has not yet decided on a timetable for the removal of the Joseph's Tomb protesters.

The delegation asked Shahak to

demand a return to the status quo ante at the site. Peace Now spokesman Amiram Goldblum said his group had told Shahak that if the Gush Emunim demonstrators were not out by tomorrow, Peace Now would stage a counter-demonstration at the tomb. He said at least 1,000 people would attend.

The delegation also asked Shahak to rescind his permission to West Bank settlers to pursue Arab stone-throwers; but they received no reply to this request.

The Alignment Knesset faction executive yesterday held a special meeting and called on the government to get the settlers out of Joseph's Tomb at once. In deed as well as word, the Alignment said, the settlers had violated the law.

Mapam's Imri Ron said the settlers are clearly challenging the authority of the IDF. Labour's Yosef Sarid said Gush Emunim leader Rabbi Moshe Levinger exploited tragedy after tragedy merely to penetrate further into the Arab-populated areas.

Shinui MK Amnon Rubinstein said the settlers placed themselves above the law and believe in getting what they wanted by brute force.

Teihiya MK Gula Cohen issued a statement yesterday encouraging the settlers and urging that Arab demonstrators be deported.

18% C-o-L pay advance agreed

New tax brackets demanded

By AVI TEMKIN
Post Economic Reporter

Agreement on an advance payment on the cost-of-living allowance was reached late last night at a meeting between the government, the Histadrut and the private employers.

The compromise proposal put forward by the Manufacturers' Association was accepted in principle, but the association's president Eli Hurwitz warned that the accord had not been finalized.

The Head of the Histadrut's Trade Union Department Yisrael Kessar is to meet today with Uzi Netanel of the Committee of Economic Organizations to work out the final details of implementation. The Histadrut also added the rider that the agreement would stand only if the Treasury made the necessary adjustment in the income-tax brackets.

Under the compromise, an 18 per cent advance for the October price increases is to be paid at the end of December at an 85 per cent rate of linkage. The compensation for the November and December rises is to be paid in February at an 85 per cent rate, provided inflation is under 30 per cent in these months. If the inflation rate is over 30 per cent, the linkage is to be increased to 90 per cent.

The Manufacturers' Association compromise was an attempt to bridge the gap between the Treasury offer of a 15 per cent advance with 80 per cent linkage and the Histadrut's demand of an 18 per cent advance with 90 per cent linkage.

It seemed until very late indeed that no compromise could be reached. When the Manufacturers' Association compromise was first put forward, it was rejected by the Histadrut and the government, even after intensive informal consultations among the parties during a

break in the negotiating session. The three parties returned to the negotiating table around 10 p.m., saying that the prospects did not look promising; but the breakthrough came a short while later.

All the parties reaffirmed last night that there would be no under-the-table agreements — everything is to be open and above-board.

Earlier in the Knesset Finance Minister Yigal Cohen-Orad said that economic recovery cannot be achieved if workers are compensated fully for rising prices.

Replying to a motion for the agenda by Gad Ya'acobi (Alignment), he said that in order to prevent large-scale unemployment, "a responsible wage policy" must be followed.

"I am happy to say that the Histadrut is apparently making an effort to go in this direction," Cohen-Orad said.

The productive enterprises in the economy are the first line of defence against attempts to extract full compensation for inflation, he said.

He advised them to increase the cost-of-living allowance only to such a level that would enable them "to continue to function, to continue to compete." Paying too much could only lead to unemployment, he warned.

Cohen-Orad said that the process of restoring health to the economy is a painful one, and it would be well to rid ourselves of the illusion that there could be a recovery without dismissals.

Ya'acobi replied that, owing to the government's mistakes of the past three years, the country now faces an economic and social crisis, with the strange combination of recession and unemployment on the one hand, and 200 per cent annual inflation on the other.

He thinks that the only solution is early elections, to enable a new government to conduct a four-year economic policy.

Druse threaten more Beirut airport shelling

BEIRUT (AP). — Druse militiamen yesterday warned they will shell Beirut International Airport where U.S. Marine positions came under fire, if the Lebanese Army does not tear out of the area.

The warning came after shells rained into the airport area and around Marine positions there for the third straight day, forcing closure of the country's only international airport.

In a statement, the Druse accused the Lebanese Army and Christian

militias of shelling mountain villages and demanded the two groups move positions away from the airport, Beirut harbour, power station, schools and from Multinational Peacekeeping Force garrisons.

The Druse also urged civilians to avoid army and Christian militia garrisons and vehicles, "because they are all going to be the target of fire." The warning came amid reports of shelling over a wide area of central Lebanon.

U.S. warplanes soared over

Beirut yesterday following the shelling.

At least two American A-7 fighter bombers from the aircraft carrier Independence made several passes over the capital and the nearby central mountains, from where Druse gunners have been pounding the city in recent days.

Prime Minister Shafik Wazzan and Public Works Minister Pierre Khoury were contacting Lebanese Army and various militia groups in

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Jemayel on way to see Reagan

Post Middle East Affairs Reporter and agencies

Lebanese President Amin Jemayel flew to Washington yesterday for talks with U.S. President Ronald Reagan, which he has described as "crucial."

His purpose is to seek new ways of achieving the withdrawal of foreign forces from Lebanon without recourse to last May's agreement with Israel.

Syria is implacably opposed to the May agreement, and has made it plain that unless it is rescinded, there is no chance that its own troops will be withdrawn from Lebanon.

This demand was pressed by Syrian Foreign Minister Abdulim Khaddam and Jemayel's Lebanese opponents at Geneva last month, and the conference was only held from total collapse by Syria's agreement that Jemayel be given time to find some other way of get-

ting Israel out of Lebanon.

Jemayel will undoubtedly be seeking U.S. help in finding a way out of the apparent impasse — but so far, Washington has given no sign that it is about to withdraw support from the pact it played a key role in achieving.

The Americans are reported to have confirmed to Prime Minister Shamir in Washington this week that the two sides would continue to work on the basis of the May 17 agreement in their bid to find a solution in Lebanon.

Nevertheless, Jemayel is reported to have told Italian Foreign Minister Giulio Andreotti in Rome earlier this week that he is "optimistic" that a solution could be found and that the national reconciliation talks could be resumed and brought to a successful conclusion.

He told Andreotti, according to these reports, that his optimism is based on contacts he had had with

the Syrian and Saudi governments — but stressed that the upcoming consultations are "crucial."

Despite speculation that Jemayel will seek amendments to the May accords, U.S. officials said they believed Jemayel shares the U.S. and Israeli view that the accords should stand.

In their view, reopening the issue would open a Pandora's box of problems, with Israel making new demands.

They said they have some ideas, however, to discuss with the Lebanese president on the withdrawal problem. Reagan said there had been discussions on "the necessary steps that could facilitate the carrying out of this agreement."

Press reports have said one way being discussed was to have Israel make a unilateral partial withdrawal, making it more difficult for Syria to maintain its hardline stance.

Hussein weighs parliamentary elections as prelude to talks

By DAVID RICHARDSON
Jerusalem Post Reporter

King Hussein of Jordan is reported to be considering calling a suspended Jordanian National Assembly into special session in the near future as a prelude to holding new elections and eventually joining merican-sponsored negotiations for the West Bank.

Recently returned travellers from Amman yesterday reported Jordanian officials as saying there is a "50-50 chance" that Hussein will convene the Jordanian parliament, which fell into disuse following the 1967 war. The parliament was formally suspended after the 1974 Rabat Arab summit which recognized the PLO as the "sole legitimate representative of the Palestinian people."

Diplomats in the Jordanian capital are said to be even more confident, considering it "most likely" that the king will call parliament into session in April.

The reports were confirmed by Israeli sources monitoring Jordanian politics as well as by several West Bank figures yesterday. They noted that in a recent interview with a Kuwaiti newspaper, Hussein spoke of the need for "majority decisions" in the Arab world rather than the sacrosanct unanimity of decisions of Arab summits.

Rumours and reports of the reconvening of the parliament have been circulating in the West Bank for the past two weeks. The leading East Jerusalem daily Al-Quds carried similar speculation 10 days ago. The reasons given for Hussein's

apparent willingness to restore parliament and eventually hold elections are:

• Growing domestic political pressure to liberalise the political system.

Following the suspension of the National Assembly the king governs by royal decree approved by an appointed 75-member consultative council. This council serves for two-year periods with the current council due to complete its term next March.

• Hussein faces a constitutional anomaly in that only 46 of the original National Assembly deputies are still living. Since the assembly requires a quorum of 40 of its 60 members to convene, time is pressing.

Jordanian officials are reported

(Continued on Page 2, Col. 4)

Assad appears in public, Syrian reports say

Post Middle East Affairs Reporter and agencies

Syrian President Hafez Assad was yesterday reported to have made his first public appearance since he disappeared from view over two weeks ago, following what was then described as an appendix operation.

According to the official Syrian news agency, SANA, Assad yesterday inspected a newly completed bridge, which he was to have inaugurated on November 16 to mark the 13th anniversary of the coup that brought him to power. He was prevented from attending the inauguration by his illness.

His own only other appearance in the last fortnight was on Syrian TV a few nights ago, when he was shown presiding over what was said to be the latest meeting of the ruling Baath Party.

But the spate of official reports

claiming that Assad is functioning normally, clearly designed to counter the growing rumours that he was seriously ill or even dead, still fail to explain his relatively long absence after what purported to be a minor operation.

It now seems clear that Assad suffered something rather more serious than an appendectomy, possibly a heart attack or a relapse of the leukemia he was reported to be suffering from several years ago. Some reports suggesting that he is looking swollen, possibly as a result of taking cortisone, would appear to lend substance to the latter theory.

Meanwhile, aides to PLO chairman Yasser Arafat, who refused to be identified, were quoted as saying yesterday that the talks on the withdrawal of rival PLO forces from Tripoli were virtually suspended.

Dry winter is causing water 'overdraft'

Jerusalem Post Reporter

TEL AVIV. — Israel's water economy is being strained by the present Indian summer, and Negev farmers are still irrigating their fields. Mekorot spokesman Mordechai Yacovovitch yesterday told The Jerusalem Post.

He said that Israel's water economy already has a 4.5 billion

cubic meter "overdraft."

If this is a rainy year the "overdraft" could go down a little, but if it is a dry year, it could increase.

Asked what would happen then, Yacovovitch said that he prefers not to think about it. He added that there is still a possibility that it will be a rainy year.

Israeli-backed militia chief quits in Southern Lebanon

BEIRUT (AP). — A key commander of the Israeli-backed "home guard" militia movement in Southern Lebanon yesterday announced that he had disbanded his fighters and would support the mainstream Shi'a Muslim militia, Amal.

The commander, known as "Abu Sateh," told a press conference at Amal headquarters in the Beirut suburb of Bourj-el-Barajneh that he had "dissolved" his Home Guard unit and pledged to "renew loyalty" to the Amal militia, which opposes the Israeli occupation.

Abu Sateh declined to discuss specifics of his home guard unit, which was one of dozens set up with Israeli help in recent months as a "buffer force" to protect Israel's northern border from terrorist incursions.

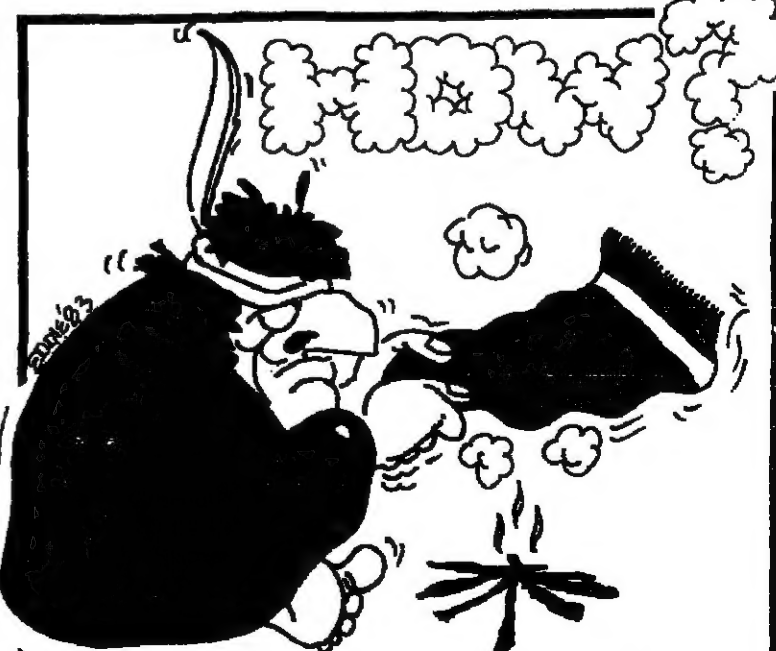
But Abu Sateh, 30, had been reported to be the commander of

about 120 men who were being trained with Israeli assistance near the Southern Lebanese town of Bint Jbeil, five kilometres north of the Israeli border.

Abu Sateh's unit was one of the largest organized by Israel. Many of the "home guard" units are rag-tag bands of fewer than a dozen men.

Abu Sateh said that he set up his militia, known as "The Shi'a Army," to defend the largely Shi'a population of Southern Lebanon from attacks by rightist Christian militias. But Abu Sateh said he came to believe that his militia would be under Israel's direct command and feared the militia might be forced to instigate hostilities.

Abu Sateh, who once served in the Syrian-backed Palestinian terrorist group Saika, said he returned to the Amal camp because it "inspires patriotism and the improving of Lebanon's conditions."



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The Editors

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The weather at major Swissair destinations

30.11.83	MIN.	MAX.	WIND	WIND	WIND
	C	F	C	F	C
AMSTERDAM	4	39	7	45	Cloudy
BRUSSELS	3	37	8	46	Cloudy
BUENOS AIRES	23	73	34	93	Clear
CHICAGO	3	28	0	32	Clear
COPENHAGEN	3	27	0	32	Snow
FRANKFURT	3	37	8	46	Cloudy
GENEVA	4	39	10	50	Cloudy
HELSINKI	10	14	8	21	Clear
HONG KONG	18	61	23	73	Clear
JOHANNESBURG	18	64	24	75	Clear
LONDON	10	50	16	61	Cloudy
LISBON	10	50	16	61	Cloudy
LONDON	10	50	16	61	Cloudy
MADRID	4	39	17	63	Clear
MONTREAL	1	34	3	41	Clear
NEW YORK	8	43	12	54	Clear
OSLO	4	39	10	50	Clear
PARIS	7	45	11	52	Clear
RIO DE JANEIRO	18	64	21	70	Clear
SAO PAULO	18	64	21	70	Clear
STOCKHOLM	8	43	10	50	Clear
TOKYO	4	39	10	50	Cloudy
TORONTO	2	36	3	37	Cloudy
VIENNA	8	43	10	50	Cloudy
ZURICH	6	43	10	50	Rain

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THE WEATHER

Forecast: Fair.

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	23	8-23	23
Golan	21	12-22	22
Nahariya	21	12-22	22
Safed	26	11-19	20
Haifa Port	44	14-24	24
Tiberias	37	11-22	23
Nazareth	31	10-27	27
Afula	28	11-24	24
Shomron	28	11-24	24
Tel Aviv	54	12-23	23
B-G Airport	46	10-24	25
Jericho	37	9-26	27
Caesarea	37	12-23	24
Beersheva	17	10-26	27
Eilat	24	13-28	28

DEPARTURES

David Blumberg, Werner Lovi and Stanley F. Finkelstein for Nicosia, Cyprus, to represent Israel at the meeting of the Board of Directors of FIANCI, the International Real Estate Federation, an organization comprising one million real estate professionals throughout the free world.

Marriage

TOLKOWSKY-GOLDBERG. The marriage is announced of Gideon Tolkowsky, son of Dan and Miriam Tolkowsky of Zuhala, Tel Aviv, to Gila, daughter of Abraham and Fanny Goldberg of Ramat Gan, on November 30, 1983.

Government may alter bank share accord

The Finance Ministry, the banks and the Securities Authority are to investigate within "a reasonable period" the suggestion of a mathematics professor to cancel the Treasury's arrangement with the country's banks concerning their shares and to substitute a different arrangement.

Prof. Shmuel Kaniel maintains that his system will save the taxpayer IS1.3 billion.

The agreement was reached at the High Court of Justice, which was considering a petition by Kaniel against the government, the Treasury and the Securities Authority regarding the bank share arrangement worked out by former finance minister Yoram Aridor. (Itim)

CORRECTION

Knesset Speaker Menahem Savidor met on Monday with Rafael Angel Calderon Fournier, the presidential candidate of the United Party of Costa Rica, not Chile, as erroneously published on Tuesday.

BEIRUT

(Continued from Page One)

hopes of securing guarantees for reopening the airport.

Elsewhere, Beirut Radio said Druse gunners pounded the Lebanese Army garrison at Suk al-Gharb in the hills above the marine positions, but the army did not shoot back.

Beirut Radio also reported fresh clashes in Tripoli between Palestinian supporters and opponents of Yasser Arafat's leadership of the PLO.

The broadcast said explosions and automatic weapons fire could be heard coming from neighbourhoods within 1.5 kilometres north and east of Arafat's headquarters in the city.

Travellers reaching Beirut from Southern Lebanon said fresh fighting had erupted between Druse and Christian militias in the Kharoub region just north of the Israeli defence lines along the Awali river. Schools in Christian neighbourhoods around Beirut were closed yesterday following a threat of further shelling by the Druse progressive Socialist Party of Walid Jumblatt.

"We are determined from now on to return fire severely and fiercely on the sources of fire to defend our people," the Druse statement said.

Jumblatt's militia has blamed the deteriorating security situation on the right wing Christian Phalange Party, whose forces joined the Lebanese Army in battling the Druse during three weeks of civil war last September.

The Druse also warned the Lebanese Army to move its artillery positions from residential neighbourhoods in and around Beirut.

HOME NEWS

Herzog to receive ex-captives' families

By JUDY SIEGEL
Jerusalem Post Reporter

President Chaim Herzog is to tomorrow receive the families of the six soldiers who returned from captivity in Lebanon last week. Representatives of the families had been critical of Herzog's statement on Tuesday that he agreed with "the tone" of a statement by former Israel Defence Forces chief of staff Rafael Eitan that the soldiers' behaviour in being captured was "shameful."

Interviewed on last night's *Moked* TV programme, Herzog said it is up to the IDF to decide whether to punish the soldiers, but he believes that both they and their families had suffered enough.

The president added that he would speak out against the phenomenon of carelessness and lack of discipline, not only in the army but also in civilian life, even if such statements would be unpopular. Hundreds of Israelis every year are killed because of carelessness in traffic and work accidents and training accidents in the army, he said.

Herzog would not comment on

whether he still favours a national unity government nor on Jewish settlement in the heart of Arab areas.

Asked about security prisoner Udi Adiv, Herzog said that he personally recommended that the man, who has served 11 years of a 17-year prison term for security violations involving Syria, be allowed to marry and to establish a family, but the president said, he does not have the authority to order this.

As for reducing Adiv's sentence, Herzog said he must wait until he receives the opinion of the justice minister.

Regarding Syria, Herzog said he believes that country is "building a military option" against Israel and wants to expand its army to one million soldiers from the present 750,000.

Wolf Blitzer adds from Washington: During a press conference here, Defence Minister Moshe Arens said he assumes some sort of military investigation of the former captives would be conducted. Only at the end of this process, he said, would he be prepared to answer questions on the matter.



Chief of Staff Rav Aluf Moshe Levy yesterday inspects new equipment being used against demonstrators in the West Bank. (IDF)

Arafat: No deals or changes in strategy

TRIPOLI (AP). — Yasser Arafat yesterday ruled out any deals with Palestinian opponents and said he sees no need for major changes in political strategy, despite three weeks of bloody fighting here, within his Palestine Liberation Organization.

In an interview with three foreign reporters, Arafat asserted that Syria's extensive involvement in fighting between his supporters and opponents had discredited the PLO mutiny internationally and among Palestinian civilians.

"The rebellion is finished," Arafat said, adding "Maybe we are in a critical military situation, but politically we are very strong."

Despite the rebellion, Arafat said he sees no need to change his political strategy, but "maybe to adjust it."

He said the PLO should now

press ahead "with more efforts on all levels" in support of an Arab League peace plan adopted in Fez, Morocco, last year, which calls for creation of a Palestinian state in the West Bank and Gaza, while implying recognition of Israel's right to exist.

PLO rebels have been demanding Arafat take a more militant line against peace with Israel and have called for resuming "armed struggle" against it.

In Damascus, Syria's official daily *Tishrin* warned yesterday that Arafat would face "dire consequences" if he continued an anti-Syrian campaign and attempts to undermine the Tripoli cease-fire agreement.

"Arafat's continuing attempts at sabotaging the Saudi-Syrian agreement, as well as his on-going attacks on Syria, are serious steps

which will have dire consequences on Arafat and his clique," the paper said.

"Syria will not remain indifferent to such unjust and malicious campaigns... Syria's restraint in using its long reach and strong fist will fade if Arafat continues to conscript his group in slandering Syria," *Tishrin* said.

Last Friday, Syria and Saudi Arabia announced a cease-fire plan which called for the evacuation of PLO fighters from the city within two weeks after a detailed departure plan was announced by former Lebanese prime minister Rashid Karami.

Karami began his contacts Saturday in Damascus, but Arafat said yesterday he had so far received no official communication from the Lebanese politician on any details for an evacuation. (AP, Reuter)

Ports go-slow threatens citrus exports

Jerusalem Post Reporter

TEL AVIV. — Because of a go-slow strike for extra wages by port workers in Haifa and Ashdod, fruit and vegetables destined for the lucrative pre-Christmas export market might not reach their destination in time.

Among the hardest hit are the citrus farmers, who note that in many homes in Europe, (especially England) Jaffa oranges have become part of the traditional Christmas meal.

Following the intervention of the Farmers Federation, the Histadrut yesterday afternoon started talks

with the port workers to persuade them to return to normal work.

According to the citrus farmers there has been a drop of up to 50 per cent in the loading of citrus and other agricultural produce on ships during the last few days, since the port workers started their go-slow.

Another problem bothering the citrus growers is the refusal of Minister of Finance Yigal Cohen-Orgad to give them \$10m. promised to them for last year's exports, because of the low profitability of the branch.

Orgad has informed Agriculture Minister Pessah Grupper (who is also the chairman of the Citrus

Marketing Board) that he will only transfer the sum if the board cuts down its operating costs and if the Ministry of Agriculture cuts its manpower.

Grupper has called an urgent meeting of the directors of board for Sunday to discuss the next step.

One angry farmer told *The Jerusalem Post* that if the government does not pay the \$10m. by the end of this season, many more farmers will uproot their trees. This farmer said that during this past year as many as 50,000 dunams were uprooted. If farmers become desperate, some 100,000 dunams more may be uprooted.

Ata workers to discuss recovery

By DAVID RUDGE
Jerusalem Post Reporter

HAIFA. — Management and workers at the Ata textile plant are to hold talks today to discuss the firm's recovery plan just 36 hours after the company was told that they would receive a \$10 million loan to overcome its immediate financial problems. The main topic on the agenda was to be management's proposal to dismiss up to 550 of the firm's 2,600 employees.

Management said the dismissals are an integral part of their plan to ensure the company's long-term future.

Agreement on the \$10m. loan was reached late on Tuesday night — almost seven weeks after management originally submitted its request for financial aid to the government.

Under the scheme, the Eisenberg Group, one of Ata's main shareholders, will provide \$5m. through the issue of shares rights. Bank Leumi, the company's other big shareholder, will contribute \$2m. and the remaining \$3m. will come from the government.

Company secretary Emmanuel Solomonov said the bulk of the loan would be used to pay off Ata's outstanding debts and give the company a breathing space to stabilize its activities and lay the foundation for the future.

He said no decision on dismissals would be taken without full consultation with the works committee.

Works committee chairman Pinhas Groob said that after seven weeks of uncertainty and confusion, the employees were very happy that a solution had been found and the company would not close.

"I am happy and at the same time I am sad, because I know that we now have to consider the question of dismissals. Part of the problem has been solved and I only hope we shall be able to find a solution to the other part in a way that will cause the least pain and upset to the workers here."

Av Temkin adds: The agreement reached between the government and Ata should be the basis of changes which must be implemented by the corporation, Industry Ministry Gideon Patt said in an announcement released after the accord was signed.

"Only through a conversion of part of the output to export will the future of Ata be assured" said Patt. He stressed that currently only 20 per cent of this output is sold abroad.

Historian, MK sue each other because of article on Begin

A former media adviser to ex-premier Menachem Begin yesterday told the Jerusalem District Court that in a newspaper article by history Prof. Michael Harsgor of Tel Aviv University the author was "out for Begin's blood."

Journalist Shlomo Nakhdimon was testifying in a case where MK Akiva Nof and Harsgor are suing each other.

The case arises out of an article in *Davar* before the 1981 elections, in which Harsgor wrote that the fate of the nation should not be entrusted to a 68-year-old man, "who was already showing alarming signs of senility." In the article Harsgor demanded that all the medical reports on the prime minister be made public, including the effect of the medication which he was taking at the time. He compared Begin to the Roman Emperor Caligula.

Nof filed a criminal suit against Harsgor and *Davar*, claiming that the article was an incitement to violence against the prime minister and that it damaged his own

chances of re-election as number 48 on the Likud Knesset list. He also announced his criminal suit in two newspapers.

Harsgor filed a counter-suit, maintaining that his article could in no way be regarded as an incitement to violence and that Nof, by publishing details of his suit in the newspapers, was damaging Harsgor's good name and reputation. Harsgor is asking IS500,000 compensation.

Defending himself against Harsgor's suit, Nof maintained that his original suit had been justified and publication was in the public interests, because the professor had compared Begin to the Emperor Caligula, whom Cicero had denounced, and who was ultimately assassinated.

Nakhdimon was the first witness. He testified that he usually enjoyed the professor's articles, but after reading this one he felt that Harsgor was "out for Begin's blood," and that the article might well incite violence against the then prime minister. (Itim)

Wiesenthal assaulted at neo-Nazi trial

VIENNA (AP). — Nazi-hunter Simon Wiesenthal yesterday was assaulted as he prepared to testify against a West German accused of bombing his residence on June 11, 1982.

Eckehard Weil, on trial with eight Austrians suspected of illegal Nazi activities, jumped at Wiesenthal, attempting to kick and hit him, as Wiesenthal made his way to the witness stand.

Attendees restrained Weil, who, in a raised voice, accused Wiesenthal of being a "slanderer and a liar." He was led from the court room.

Wiesenthal earlier told the court

that the attack on his home in 1981 had caused 200,000 schillings (IS110,000) worth of damage, but that there had been no injuries.

Other targets of the 1981 bombings included the home of Vienna Chief Rabbi Akiba Eisenberg, journalist Alexander Giese, and branches of a Jewish-owned fashion store chain in Salzburg and Vienna.

Wiesenthal, visibly shaken by the experience, suggested he would lodge a complaint as he left the proceedings.

Wiesenthal heads the Jewish Documentation Centre, a private organization which attempts to track down Nazi war criminals.

Campaign against refusing to serve in Lebanon

TEL AVIV (Itim). — The Youth for Israel movement last night began a campaign of lighting candles outside the homes of Israel Defence Forces reservists who refuse to serve in Lebanon, "to show them the way."

Starting off the campaign in Dizengoff Circle, movement leader Yisrael Katz said that they would also light candles outside home of Alignment MK Yossi Sarid and Prof. Yeshayahu Leibowitz, who, he asserted had "legitimized" refusing to serve in Lebanon.

Participants in the demonstration lit candles next to cardboard outlines representing the 110 reservists who have refused to serve in Lebanon and the territories.

NEW U.S. TIES

(Continued from Page One)

take a cautious line on the outcome of the Shamir-Reagan summit. While they were pleased by the warm reception the prime minister received and the announcement of closer ties, they are still anxious to see how these decisions are translated into action in the coming weeks and months.

For Arens, the major achievement was this "new mechanism" for coordinating policies and strategies. "This," he said, "to my mind is the major impact."

Shamir, appearing on ABC's *Good Morning America*, suggested that closer U.S.-Israeli coordination will "deter" the Syrians from continuing their efforts to take over Lebanon.

He said the U.S. has come to appreciate that peace prospects in the Middle East, moreover, have always improved whenever Washington and Jerusalem work closely together.

Both he and Arens denied that Israel and the U.S. are planning any joint military actions in Lebanon against Syria. At the same time, however, Arens refused to rule out such a possibility if the Syrian challenge should escalate. "I suppose all options are open," he said.

Arens said the Syrians, for the time being, have no intention of leaving Lebanon. In fact, he added, the Syrians control some 60 per cent of the country, and are "trying to take over the other 40 per cent."

Still, Arens said, the Syrians have been "very careful" to avoid having their own forces get directly involved in the current fighting. The Syrians, he explained, have been using "proxies" in Lebanon.

Asked whether the administration favours additional partial

Israeli withdrawals from Lebanon as an encouragement to the Syrians also to leave, Arens replied that that was "not my impression." He said there was "no mention of further Israeli withdrawals" during the talks.

Both Arens and Shamir made clear they did not make any new concessions to the Americans in connection with Israeli settlements in Judea and Samaria, the Reagan peace plan or U.S. arms sales to "moderate" Arab states.

But both men did not go out of their way to highlight these differences, as American officials charged was often the case with former prime minister Menachem Begin and former defence minister Ariel Sharon.

Clearly, the chemistry between this new Israeli team mixed much better with that of the Americans even though Shamir and Arens were just as "hardline" in making their case.

Shamir met for more than 90 minutes yesterday morning with more than two dozen members of the House and Senate during a joint closed-door meeting in Capitol Hill. He was warmly received by the members.

Shamir went out of his way to speak highly of Begin. "To my regret," Shamir said, "he is no longer our prime minister."

Shamir said he would inform Begin upon his return to Jerusalem that many people in the U.S. had asked about his health and had asked Shamir to convey their best wishes to Begin with the hope that he will return to "political activity."

JORDAN PARLIAMENT

(Continued from Page One)

to be speculating that Hussein will recall parliament under section 82(1) of the Jordanian constitution only in order to call new elections. This section allows the king to call parliament into extraordinary session by royal decree if a simple majority of deputies requests him to do so.

Since 30 of the deputies must come from the West Bank, the king will appoint these by royal decree, and hold new elections on the East Bank only. Then the West Bank appointees would join the new parliament.

Jordanian officials are said to feel that Israel would not prevent West Bank deputies from attending sessions in Amman since it does not prevent duly elected mayors from crossing the bridges. Even if Israel did attempt to scuttle Hussein's attempt to re-assess his claims to the West Bank, he could appoint West Bankers currently resident in Amman. Among the names mentioned in this context are the deported mayor of Hebron, Fahd Kawasne, and the former mayor of Ramallah, Nadim Zarou.

A new parliament with 50 per cent of its deputies from the West Bank and more than half Palestinian in origin would provide Hussein with a negotiating team, something he agreed to with PLO leader Yasser Arafat last April. It would clearly provide Hussein with the mandate to conduct negotiations at least on behalf of Palestinians on the West Bank and possibly those in Gaza as well.

Hussein has apparently won Saudi and Egyptian support for these moves and is also said to be prompted by the current crisis

among the Syrian leadership surrounding the reported illness of President Hafez Assad.

Tension between Jordan and Syria is said to be at its highest in many years with both sides conducting a propaganda war while also jamming the radio and television transmissions of the other side. Jordan is making it extremely difficult for its citizens to cross to Syria and following a series of bomb attacks in Amman and the recent car-bomb attacks in Lebanon which it too sees as Syrian-inspired, has sharply stepped up security at the frontier. Long lines of trucks are now backed up in Syria while Jordanian officials check them for explosives.

The sources report that while the traditional Beduin leadership of the army is locked onto a "fortress East Bank" concept and opposed to the incorporation of a radicalised West Bank in the Hashemite kingdom, Hussein himself wants to re-assert his claims to sovereignty over the area and restore his family's control over the Moslem holy places in Jerusalem. He can count in this on the support of the Palestinian population on the East Bank who make up at least 60 per cent of Jordan's total population.

Israeli sources confirmed yesterday that they too had received similar information of Jordanian feelings to Palestinians and noted low-key efforts at soliciting support from West Bankers. This information has already generated preparatory staff work among Israeli officials.

However, these sources warned that Jerusalem would surface early as a major issue in any negotiations because without some acceptable

formula on this question Hussein could not afford to take the risk of entering the peace process.

Israel is said to be at least theoretically favouring the re-establishment of a stable and legitimate Palestinian representation, rather than the refugee element which appears to control the PLO. This is coupled with a widespread consensus that local Palestinians are not an independent factor and cannot be counted on as negotiating partners.

Leading West Bankers yesterday responded with cautious optimism to the reports, noting that at the moment "everyone is waiting for the outcome of other political developments." This was a reference to Arafat's fate in Tripoli.

One prominent figure noted that whatever Hussein does, a conflict with the injunctions of Rabat is unavoidable. Local response to such a conflict depends in part on the response of the Arab world and the strength of opposition from the PLO.

Another figure said that Hussein would be careful not to appear to be trying to replace the PLO. "If he succeeds in this most people here will support him because they want the occupation to end and realise time is running out," he said.

2 terrorists get life for murder

RAMALLAH (Itim). — The head of a terrorist ring and his deputy yesterday were sentenced to life imprisonment in military court here after being found guilty of murder and attempted murder.

The ring murdered the head of the Village League in Ramallah in November 1981, planted explosives, fired shots in the Ramallah market, and conspired to kill the Israel Defence Forces officer serving as appointed mayor of Al-Birah. Ringleader Kamal Radoul and his deputy, Arif Karat, were sentenced to life in prison. Two other ring members were sentenced to 14 years, another two to 12 years, and one to eight years.

Also in the Ramallah military court yesterday, three Hebron men were sentenced to jail terms for attempting to kill David Kapulski in the Hebron market two years ago. Ahram al-Anhil and Mahmoud Hasuna were sentenced to 14 years, and Wahil Tamimi to 12 years.

Ministerial body okays school levy

Post Education Correspondent

The ministerial committee on legislation yesterday approved the proposed education levy. The levy which will start at IS580 a month and is index-linked, will be a flat rate, paid by all families of schoolchildren.

It is expected to reach IS2,500 a month by the end of this school year, at the present rate of inflation.

The proposed levy includes a list of exemptions, such as families receiving supplementary benefits which may be 20 per cent of the population. All data on eligible families is to be provided by the National Insurance Institute.

The proposal, which has already been agreed on by the Ministries of Education and Finance, will probably go before the cabinet on Sunday.

In view of Education Minister Zevulun Hammer's illness, the prime minister is expected to represent him in the discussion.

Hit-and-run driver jailed for 1½ years

BEERSHEBA (Itim). — A Gaz Strip resident, Walid Zaid Namar, 26, yesterday was sentenced in district court here to 18 months in prison for fatally injuring two girls with his car near Nitzan on October 1.

Naman also received a two-year suspended sentence and a fine of IS80,000 for the hit-and-run incident, in which Orly Biton and Hanan Natan, both 17, of Holon, died. He was also forbidden to drive for four years after his release from prison.

Areas chief invited to U.S. for talks

Jerusalem Post Correspondent

WASHINGTON. — The coordinator of activities in Judea and Samaria, Tat Aluf (Brig. Gen. Binyamin Ben-Eliezer), has been invited to the U.S. this month for talks with high State Department officials on ways to improve the quality of life for Arabs living in the administered territories.

Ben-Eliezer, who is expected to meet with Secretary of State George Shultz and other senior officials, is to be asked to promote various U.S. schemes where developmental funds and other outside technical and financial assistance from governmental or private voluntary organizations might be used to help ease aspects of the military occupation on a day to day lives of the residents.

Summer-time blast at Burg

By ASHER WALLFISH
Post Knesset Correspondent

Labour MK Michael Harish yesterday accused Interior Minister Yosef Burg of "cheating the Knesset and the public in a disgraceful manner" on the issue of summer time, and "violating the principle that a minister must tell the Knesset the truth."

Harish wrote a letter to all 65 MKs who had petitioned the interior minister in favour of summer time, and revealed that two of the six experts on the summer-time study-committee (which the High Court ordered Burg to appoint) had been quoted by Burg beforehand as opposing summer time.

"Burg loaded the committee of six, although the High Court must have intended it to be an objective panel," Harish told *The Jerusalem Post*. "All it needs is for one of the remaining four experts to side with the two who were already in Burg's pocket, and he could still summer time once again for the umpteenth time."

"The minister is an artful dodger," Harish said. "Last year he said that if Switzerland did not have summer time, there must be a good reason for Israel not having it. Since then, Switzerland decided to introduce it. So Burg will have to think of something else."

Harish, who is chairman of the Knesset Energy Committee, wrote his colleagues that "of all the math professors in Israel, Burg chose Prof. Shraga Yeshurun, and of all the pediatricians, he chose Dr. Eliahu Vior, who both campaigned against summer time."

To add insult to injury, Harish told *The Post*, when Burg replied on Tuesday to a parliamentary question about the six men chosen for the committee and their opinions, he hedged with half-truths, explaining that each one of the six presumably has an opinion of his own, and in any case he does not know some of the six.

Since Burg was aware that the majority of the Knesset demanded summer time, Harish wrote his colleagues, he is now obviously trying to mislead them.

Harish added that since Burg was making a mockery of the majority of the public as well as the majority of the Knesset, he had no choice but to pursue the matter.

Harish told *The Post* that only the High Court would be qualified to say whether or not Burg had evaded its ruling by appointing "two biased experts" to the six-man committee.

Harish said: "I cannot usurp the High Court's privilege, since I must leave the way open to go back to the High Court over the summer time issue."

Knesset to debate move to re-bury woman

Post Knesset Reporter

The Knesset has decided to hold a full-scale debate on the decision of the Rishon Lezion religious council to re-bury the remains of Mirza Engelowitz because she was a Christian who was buried in a Jewish cemetery under false pretences.

The question was raised in a motion for the agenda by Shulamit Aloni (Alignment-CRM). Religious Affairs Minister Yosef Burg agreed that a debate should be held. The minister noted in a brief reply that when Engelowitz came to Israel in 1964, she listed her religion as Christian, and that when she applied for naturalization in 1979, she did so under the provision in the law that applies to non-Jews.

Aloni later requested Speaker Menahem Savidor — in view of the decision to hold a debate — to ask Burg to postpone any action by the Rishon Lezion religious council.

Video may show prison killers

By MICHAEL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. — A video film taken during the recent murder of prisoner Haim Shoshan in Ramle Prison is to be used in court as evidence against the four murder suspects. Police sources said yesterday this is the first time that a video film of this nature would be shown in court as evidence.

Police said the video film does not show the murder itself, but shows the suspects entering and leaving Shoshan's cell and may show some of the suspects trying to clean blood splatters outside the cell. Blood stains leading to Shoshan's cell had alerted the

warder to the murder.

Haim Shoshan, who was serving a 15-year murder sentence and was to be a witness in the murder trial of Shmaya Angel now taking place, was found dead in his cell with multiple stab wounds some two weeks ago. Shoshan was held in the top-security section of the prison with 11 other dangerous convicts. This section is under 24-hour surveillance by a video camera, and the Prisons Authority appointed a team to investigate why the murder was not prevented.

About a week after the murder, four suspects were remanded by the police: Shmaya Angel, who is now on trial with his wife Sarah

"Shmulik" for the double murder of Shulamit Shelly and Michel Nahmias; Herzl Avitan, who is on trial for the murder of former Ramle Prison commander Ronnie Nitzan; Ya'acov Shemesh, who is on trial with Avitan under the same charges and Ronnie Zakai, a life prisoner convicted of murder. The four were separated and taken to different lock-ups throughout the country after the murder.

The police had earlier obtained a court order banning all mention of the video camera and the entire investigation was cloaked in secrecy. But the ban was lifted yesterday and the file is to be transferred today or tomorrow to the district attorney.

Senator: Weinberger won't be in next gov't

By JUDY SIEGEL
Jerusalem Post Reporter

Republican Senator Charles Grassley of Iowa predicts that U.S. Defence Secretary Caspar Weinberger — considered by some to be unfriendly towards Israel — will not serve in a second Reagan administration.

The senator criticized Weinberger for "horrendous waste in defence spending" in his department and for failing to purchase most defence requirements in competitive bidding.

In an interview with *The Jerusalem Post* on Tuesday night, shortly before leaving Israel after a 10-day visit, Grassley said that he hopes Weinberger would not serve in a second Reagan administration. "He continued business as usual in the Defence Department and did not clear up fantastic waste,"

Grassley said that a set of plastic caps for the legs of a pilot's chair in a bomber costs exactly 23 cents, but



U.S. Senator Charles Grassley (Zoom 77)

that the Defence Department paid suppliers — who did not bid competitively — over \$900 per set for the bits of plastic.

He noted that since June, he — as a member of the Senate Finance Committee — has had a running battle with Weinberger, who "refused" to let him speak to top department officials and who "failed to give me straight answers."

Grassley, who met with Prime Minister Yitzhak Shamir several times for talks on Soviet Jewry — a cause in which the senator is active — said relations between Israel and the U.S. would continue to improve in the coming year.

President Reagan has shown clearly what he believes in, said the senator, and he has proved that he sticks to his principles.

Grassley maintained that Reagan will run for re-election, even though he has as yet made no announcement. "The organizational work has gone too far for him to back out," he said. But beating the Democratic candidate, "probably Walter Mondale," will not be easy, because the Republican Party was always the smaller party.

Grassley said Reagan seems to have "grown younger" in office. "I saw the president who is 73 sitting next to Treasury Secretary Donald Regan (63), and Reagan looked 10 years the younger."

'Repulsive upsurge' in pornographic films

By AARON SITNER
Jerusalem Post Reporter

There has been a "repulsive upsurge" in the number of pornographic films shown here in recent months, a source at the Ministry of Interior told *The Jerusalem Post* yesterday.

"In the past 90 days alone, our inspectors have confiscated 30 lewd films," he said. "And this repulsive upsurge is taking place not in private screening studios, but in licensed neighbourhood cinemas."

The latest batch of blue movies — all of them imported — were spotted by inspectors in Haifa, Tel Aviv, Netanya and Beersheba. In some cases, the inspectors halted the screening in the middle and ordered the cinema operator to empty his theatre and refund entrance fees to the moviegoers.

The ministry source, a film inspector who asked to remain anonymous, fearing retribution from irate cinema owners, told *The Post*: "I see quite a few dirty flicks in my line of work. But the latest bunch were among the worst so far. They contained lots of hard

porn material, including sadism and perversion. I must confess that even I felt embarrassed."

According to law, no film may be shown in a cinema unless it carries a stamp of approval from the ministry's Film Review Unit. To dodge this law, cinema operators either forge the unit's rubber stamp or change the title of the pornographic film to that of an approved film, for which a stamped approval form is on hand at the theatre.

The undercover film inspectors are known among cinema operators as "Sonia's Commandos," after unit director Sonia, whose last name was unavailable. Often, the inspectors enter a theatre accompanied by detectives. If a decision is made to conduct a raid, the inspectors identify themselves to the projectionist and the detectives begin issuing summonses.

"The courts are apparently waking up to the danger of porn, and are no longer pussyfooting around with their petty fines," the ministry source said. "I can't recall any jail sentences yet for this violation of the law, among the worst so far. They contained lots of hard

MKs denounce closure of ulpanim

Jerusalem Post Staff

Strong criticism of the Education Ministry's proposal to close immigrant Hebrew courses (*ulpanim*) was expressed in the Knesset yesterday by MKs Nahman Raz (Alignment) and Guelia Cohen (Tehiya). At the same time, kibbutz representatives called a press conference in Tel Aviv to protest against the step, part of the ministry's planned budget cuts.

Raz told the Knesset that Hebrew is "the main vehicle for enabling the immigrant to sink roots in the country" and Cohen maintained it is "no less serious to uproot Hebrew teaching than to uproot a Jewish settlement."

Deputy-Minister of Education Miriam Glazer-Ta'asa replied that, in the matter of the *ulpanim*, she is "at odds with" her ministry. She promised to prevent the axing of the *ulpanim*, but suggested that there might be room for economies in the *ulpan* network.

Earlier this week, Immigration Absorption Minister Aharon Uzan said that the Education Ministry announcement about closing the *ulpanim* was inaccurate. But the ministry announced yesterday that it had fired 20 Hebrew teachers in Kiryat Shmona and Ashkelon and sent their Ethiopian students home. The Knesset voted to refer the matter to the Education Committee.

Number of Druse getting exemptions from IDF triples

Special to The Jerusalem Post

HAIFA. — The number of young Druse exempted from compulsory military service on religious grounds tripled during the past year, the head of the non-Jewish division at the Ministry of Religious Affairs, Nissim Dana, said yesterday.

Dana said the Druse got the exemptions at the request of their spiritual leadership. He added that the spiritual leaders had cooperated with the Defence Ministry in the past in having several Druse drafted, after it was found they had claimed religious exemptions

fraudulently.

Local Druse explained that many young people have recently adopted a religious way of life. But the new phenomenon does not effect the motivation of the community to take part in protecting the country's security.



Former Olympic runner Esther Shahamov-Roth leads group of Jerusalem runners yesterday during a Hanukka torch-lighting run from Mount Herzl to the Knesset, in support of Prisoners of Zion, especially Yosef Begun. (Rahamim Israeli)

WOJAC parley voices fears for Syrian Jewry

By HYAM CORNEY
Jerusalem Post Correspondent

LONDON. — Fears for the future of the nearly 4,500 Jews living in Syria were expressed yesterday, on the second day of the conference of the World Organization of Jews from Arab Countries (WOJAC).

Addressing over 100 delegates from Israel and eight other countries, Alain Poyer, president of the French senate, who came specially to London, said that the Jews of Syria are living there as "hostages."

Menahem Yedid, chairman of the Israel Council for the Rescue of Jews in Arab Countries, said that while the material situation of Syrian Jewry had improved, "there is deep concern and doubt in our hearts about their situation." If the political situation results in "internal upheavals," it would constitute a "definite danger, first and foremost, to the Jews."

He continued: "We cry out, mainly to the free world, and we

send out our appeal to take steps so that those Jews who so desire may leave Syria, without depositing money and without having to leave part of their families behind as hostages."

Minister without Portfolio Mordechai Ben-Porat called on the Arab states to "absorb their own brethren in their midst." Outlining what Israel is doing to resettle Palestinian refugees within Israel, the minister declared: "We are aware of the difficulties that will be posed by the Arab states and the leaders of terrorist organizations; but this will not deter us."

Earlier, Arthur Goldberg, former American ambassador to the UN and a former chief justice of the U.S. Supreme Court, called for the establishment of a juridical body to examine and publish "a definitive report about what has happened to Jews from Arab countries. But it must be documented more adequately than it has been done until now."



The new ambassadors of Japan and Liberia, Shozo Kadota (left) and Samuel Pearson, lift ceremonial glasses yesterday at Beit Hanassi. (Rahamim Israeli)

New Japan, Liberia envoys meet Herzog

Jerusalem Post Reporter

President Chaim Herzog yesterday accepted the letters of credence of the new ambassadors of Japan and Liberia in separate ceremonies at Beit Hanassi.

Ambassador Shozo Kadota, 58, has been in the Japanese foreign service for 30 years. He graduated from Tokyo University and studied at Swarthmore College in the U.S. He has represented Japan at the UN and served as minister of the Japanese Embassy in London.

Samuel Pearson, the new Liberian ambassador, is a former minister of defence of his country and a long-time friend of Liberian President Samuel Doe. He is the first ambassador of his country to Israel since relations were renewed this year.

A minor diplomatic incident occurred during Pearson's credentials ceremony: the flag of Chile was hung from the Beit Hanassi flagpole by mistake. Both flags have a white star on a blue ground in the top left-hand corner. A Foreign Ministry official recognized the error and the flag was replaced by the correct one by the end of the ceremony.

Herzog invited to visit 3 African countries

Jerusalem Post Reporter

President Chaim Herzog has been invited to make state visits to Liberia, Swaziland and Zaire by the presidents of those countries.

Details of the trip, which is ex-

Yearbook: Enough housing for two years

By JUDY SIEGEL
Jerusalem Post Reporter

About 65,000 apartments in the country were in some stage of construction in the Hebrew year 5743, and there is enough empty housing to meet the population's needs for two years, the just-published Government Yearbook reveals. The 534-page, soft-cover volume, published by the Government Information Centre, provides thousands of facts about government activities.

The yearbook surveys activities of the president, the Knesset, the Israel Defence Forces and the various ministries. The names of foreign ambassadors in Israel, as well as those of top Israeli officials, are given in English and Hebrew.

Among the facts provided by the yearbook:

- During the year 5743, a total of 4,200 workers, including 2,300 women, were hired by government ministries, while 3,500 government employees left. Women constituted 41 per cent of government employees. The total number of state employees, tenured and untenured, temporary and permanent, totalled 64,988.
 - About 35,000 Lebanese were examined in Israeli medical clinics along the border. Half were Moslems, and some came from as far as Beirut.
 - The Military Industries produced more than 500 different kinds of products, from explosives to missiles.
 - The average apartment takes 22 months to construct.
 - The committee for naming settlements in Israel picked 232 names during the year.
 - Net exports reached \$5,016 billion, compared with \$5,328b. the previous year. The U.S. is the leading purchaser of Israeli exports.
- The yearbook is available at Government Information Centre offices and some bookstores. The price of the volume has not been announced.

Municipal rates may be increased more frequently

Jerusalem Post Reporter

Municipal licence fees, permit charges and other payments due to local authorities may soon be adjusted upwards more frequently than at present.

In a circular to mayors and heads of local authorities this week, Interior Ministry Director-General Haim Kubersky said that "in view of the rapid rise in the consumer price index, you are informed that by law you may raise your various fees once every 90 days and not only twice a year, as at present."

The only legal requirement for such a change is amendment of a local by-law, Kubersky wrote.

Hammer prays and reads in hospital

Education Minister Zevulun Hammer, who is still in Sheba Hospital following a heart attack last Sunday evening, laid *refillin* (phylacteries) for the first time yesterday. Deputy Foreign Yehuda Ben-Meir said yesterday.

Ben-Meir, a friend and National Religious Party colleague of Hammer, also said Hammer, 48, was "feeding himself and reading." However, according to the Ministry of Education spokesman, Hammer is still in intensive care and it is not known how long he will remain there.

Safety first for 50,000 holiday hikers in Judean Desert

By LIORA MORIEL
Jerusalem Post Reporter

BEERSHEBA. — The Nature Reserves Authority expects some 50,000 people to visit the Judean Desert's Ein Gedi area during Hanukka. Of these, says Shmuel Shapira, southern district director of the NRA, 15,000 will be from youth groups.

"We are instructing these groups about overnight camping locations and also about taking their garbage out with them, to ensure that the nature reserve will not be damaged," Shapira said.

But the major problem he

foresees is that travellers who hike alone will be injured or lose their way. "Every year, we have dozens of rescue operations, because people get stuck. Sometimes, the ending is tragic. There is really no need for anyone to come to such an end if basic safety rules are observed."

Shapira advises all hikers to have topographical maps and lots of water, as well as up-to-date information from the field schools or the Nature Protection Society.

"No one should stray off the paths, neither in cars nor on foot. The cliffs are tricky and the paths are not for vehicles," Shapira says.

He cautioned against hiking at night, since most accidents happen after nightfall. "When people are stuck in the dark, they panic and sometimes fall and it is difficult to find them," Shapira also says hikers must wear shoes, not sandals.

Fuel prices jump 12%

Fuel prices went up by an average of 12 per cent at midnight last night, the Energy Ministry announced. The decision was taken by the ministry and the Treasury in order to keep fuel prices in line with the rate of the devaluation of the shekel against the dollar.

New Prices: (including VAT)

Fuel	New price per litre	Old price
Petrol 91	157.7	155.1
Petrol 96	66	59
solar (diesel fuel)	45.30	40.50
Kerosene	47.20	42.20
Cooking gas (12 kg. cylinder, not including VAT)	\$178.22	\$170.87

Welcome to Israel
Andrew Brown and wife Ruth, Sacramento, Calif. Mr. Brown is Director of the Federal, State, County, Municipal Employees of the State of California.

Mrs. Sylvia (Matiel) Jacobs of Stamford, Conn., on the occasion of the 50th anniversary of Youth Aliya. (Mrs. Jacobs is the niece of the late American Zionist leader, Rabbi Abba Hillel Silver who was one of the Founding Fathers of the State of Israel in 1948).
From the Capt. Yehiel and Ruth Glosky Langer, Hospitality Foundation, One Mapu St., Jerusalem.

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Picture Gallery
Gala opening and lighting of Hanukka Candles on Sat. evening, 8.12.83 at 6.30 p.m.

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Uncertain future for Grenada

By DAN SEWELL
ST. GEORGE'S, Grenada (AP). — Life on this tiny spice-growing island is returning to its old slow pace after a national nightmare of curfews and executions that came to an end with the October 25 U.S.-led invasion.

But as American troops prepare to pull out, the interim government has seemed hesitant about filling the void and some Grenadians are expressing concern that the nine-year-old nation is slipping back into a neo-colonial pattern.

There are no curfews or sounds of automatic weapon fire now, and only a few military checkpoints still operate. Banana boats steam out of the scenic harbour carrying loads of fruit to England, West German, British and North American tourists are trickling back to the beachfront hotels.

Governor-General Sir Paul Scoon, head of state in this Commonwealth nation, was called on to form an interim government after the short-lived army junta that toppled Prime Minister Maurice Bishop was ousted by the invasion. But the nine-member council he appointed November 15 has yet to undertake any substantive policy-making.

The council's designated chairman, Alistair McIntyre, never took over and finally announced November 25 he is remaining at his UN job in Geneva because of illness.

Scoon and the council must now decide how to replace McIntyre. Some observers say the council must soon establish itself publicly to have any credibility.

Meanwhile, politicians representing virtually every ideology are lining up for elections, but the growing feeling here is that a campaign would be emotion-charged, possibly violent, and that Grenada is not ready for elections.

"The country is still in a state of trauma. The next six months should be confined to dealing with the social, economic and security problems we face," said Herbert Blaize, the premier from 1962-67 (before independence), who plans again to seek office.

A \$1.5 million emergency grant from Washington has helped create nearly 1,000 jobs, mostly digging up

the potholed roads for resurfacing. But to the chagrin of the estimated one-third of the labour force already unemployed, the U.S. has given job preference to former members of Bishop's People's Revolutionary Army — to give them "productive use in society," said spokesman Jim Dandridge.

U.S. diplomats here suspect Grenadians may have unrealistic expectations about the extent of assistance they will receive. An often-heard analogy at the Ross Point Inn, a motel that serves as the American Embassy, is to *The Mouse that Roared*, a comic novel about a tiny country that declared war on a superpower so it could receive aid after being defeated.

A total \$30 million in U.S. aid has been approved for Grenada in the next year, but half is to go to the multi-national Caribbean peacekeeping force that is to take over security duties from the Americans. The remaining \$15m. will be swallowed quickly, most going for what regional U.S. foreign aid director Ted Morse called restoring liquidity to the government and banks.

U.S. to establish Mideast base at sea

WASHINGTON (AP). — The U.S. Central Command, responsible for protecting U.S. interests in the Persian Gulf and Indian Ocean area, will establish a small, floating, forward headquarters in that region, the Pentagon said on Tuesday.

The command can draw on a pool of about 230,000 U.S. Army, Marine, Air Force and Navy personnel as needed for rapid deployment in a vast region covering 19 nations.

While the main headquarters of the command is located at MacDill Air Force Base in Tampa, Florida, its leaders long have wanted to set up a small staff in the Middle East. It is known that U.S. military officials would have preferred to establish a forward headquarters ashore, but no country in the region apparently is willing to allow its territory to be used for that purpose.

Parcels for Soviets seized in Finland

HELSINKI (Reuters). — Five parcels intended for the Soviet Union have been stopped here following a request from U.S. authorities, spokesmen for the Finnish national airline Finnair said yesterday.

No information was available from Finnish authorities about the contents of the consignment. The news follows the seizure in neighbouring Sweden of consignments reported to contain computer parts and addressed to the Soviet Union.

Burmese officer describes capturing N. Korean assassin

RANGOON (AP). — A Burmese Army lieutenant yesterday described the bloody capture of a North Korean commando who, with a companion, is on trial for the murder of some South Korea's top leaders.

Lt. Maung Maung Aung testified before the court that his platoon captured Capt. Kang Min Chul just south of Rangoon on October 12, three days after a terrorist bombing at the Martyr's Mausoleum in the capital, which killed 21 people.

Among the dead were four South Korean cabinet ministers and a number of other senior officials.

The Burmese officer said he and his men closed in on Kang, who was hiding in tall grass near the Rangoon River, and he ordered three soldiers to capture Kang alive. He said the three soldiers were killed and Kang and another

Sports

National coach in confident mood

By DON GOULD
Post Basketball Reporter

TEL AVIV. — Israel's preparations for next spring's crucial Olympic basketball qualifying tournament have got away to an extremely encouraging start.

Arieh Maliniak, freshly-appointed coach to the National team did not hesitate when he told *The Jerusalem Post* this week, "I genuinely believe we have a better than 50 per cent chance of making it to the top three in our European group and thereby advancing to the Olympics."

The 16 players who were invited to try out for places on the final squad reflected his optimism. In a rare display of exuberance all showed up for the recent three-day practice session.

Several more practices will be held this month before the new National team gets its first taste of international competition early in January in Stockholm. They'll participate in a friendly tournament against Yugoslavia, Greece and Sweden.

Maliniak notes that although the Swedish tournament will provide an important phase in the building, he may still make many changes in his lineup before the real fireworks in the spring of 1984 in Grenoble and Paris.

He will choose his roster from Shai Cin, Amir Hase, Howard Lassoff and John Willis. Cy from, Maliniak expects to depend heavily on Lou Silver and Steve Kaplan. He feels strongly that guards like Mickey Berkowitz, Doron Guezzer and Chaim Zlotnik will give the Israeli team some of the finest shooting guards in Europe. Players of the caliber of Cy Gert, Avishai Vlasov and Yossi Kishon make the problem of trimming the team to 12 players an extremely difficult one.

Of the top European teams, Maliniak figures the Russian and Spanish teams stand the best chance of qualifying, but that they are not unbeatable. In Maliniak's estimate, however, Israel should certainly be able to field a better squad than France, W. Germany and Holland. Finishing third in the qualifying tournament would earn Israel a spot in Los Angeles.

In Hong Kong, China beat Japan 95-71 (49-32) to retain the Asian championship title and to secure a trip to Los Angeles as Asia's representatives in the Olympics.

South Korea beat Kuwait 83-60 to take their place.

NBA results — Utah 114 Phoenix 110; Los Angeles 111 Golden State 105; Seattle 119 San Diego 114; Houston 116 Chicago 110; Philadelphia 98 Indiana 94; Denver 103 Atlanta 96; Detroit 103 Cleveland 93; Washington 92 Washington 88; New York 118 San Antonio 106.

MELBOURNE (AP). — People walking past the tennis court of the Victorian state parliament couldn't quite believe what they were seeing yesterday. On the all-weather court behind the parliament building — normally reserved for the politicians — was Martina Navratilova demonstrating a style never seen when the lawmakers play.

Navratilova and her coach George Estep practised as they continued their preparations for the Australian Open. Courts are at a premium here after heavy rain during the weekend left many courts unusable.

Rumania qualifies

Post Sports Staff
Rumania last night became the sixth nation to qualify for next year's European Championships soccer finals. Their 1-1 away draw with Czechoslovakia in Bratislava was enough to enable the Rumanians to join host nation France and Belgium, West Germany, Denmark and Portugal who have already made sure of their places in the finals.

Third Division Walsall replaced the major goal deficit of the season when they overran a Cup defeat at half-time to defeat league leaders 2-1 in an English Milk Cup fourth round tie at Highbury. Also advancing to the quarter final were another third Division club, Rochdale, who ousted previous giant killers Walsingham 1-0.

Liverpool were again taken all the way by Fulham. Only a goal five minutes before the end of extra time saw them through in the second replay of their third round tie with 1-0 win at Craven Cottage.

Birmingham and North County must play in the fourth round after again drawing 0-0.

SPORTS

Post Sports Reporter

TEL AVIV. — Besides the 24-year-old Bnei Brak man who was the only entrant to mark all 13 races correctly on last week's Sports coupon and collected a handsome \$15.7m. cheque, there were bumper payouts for those who forecast 12 and 11 results accurately. Only 16 coupons showed 12 correct results and each was worth \$540,000, 11 winners \$29,000 and 10 \$2,600.

The price of a forecast rises to \$20 per line from this week. A \$130 million prize is on offer.

Forecast	Single	Place
Mac. Yavin v. Shamoun	2	X2
Mac. Yavin v. Mac. Haffa	1	1
Mac. TA v. Mac. Lad	1	1
Mac. TA v. Mac. Haffa	1	1
Mac. Jaffa v. Mac. Haffa	1	1
Mac. PT v. Mac. TA	2	X2
Mac. Yavin v. Mac. TA	1	1
Mac. Yavin v. Mac. Haffa	1	1
Mac. R. Gai v. Mac. Jaffa	1	1
Mac. Yavin v. Mac. PT	1	1
Mac. Yavin v. Mac. Haffa	1	1
Mac. Yavin v. Mac. Haffa	1	1

GRAY'S 1983 BUSINESSMAN'S SPORTS LEAGUE RESULTS

Burg. Sp. 7	— Av. Mar. 6	5
Anglo-Saxon 3	— Dumb. 2	5
Sabra 3	— South Africa Airways 3	9
Burg. Ranch 8	— Dumb. 2	3
Taste of Israel 8		

STANDINGS

Burg. Ranch 18	Sabra 8
South Africa Airways 18	Taste of Israel 8
Dumb. 2	Anglo-Saxon 8
Av. Mar. 6	Av. Mar. 6
Gray's 7	

Spectators invited, Saturdays, 2-5 p.m., Kfar Ramatallah Sports Club

Medieval biblical manuscript may fetch £4m. in auction

LONDON (Reuters). — A sumptuous medieval manuscript that disappeared in the 1930s and came to light two months ago is about to become the world's most expensive book.

The 800-year-old *Gospels of Henry the Lion*, a biblical manuscript richly adorned by 41 perfectly preserved illustrations, went on public display yesterday before being sold next Tuesday at a major London auction.

The work should fetch more than £2 million, making it the most valuable book ever sold, according to Sotheby's auctioneers.

The previous record price for a book at auction was \$1.5 million paid in New York in 1978 for an early Bible printed by Gutenberg.

But the price could go as high as £4m., according to Sotheby's, rivaling the highest sums ever paid for works of art.

There is speculation that German museums might be among those interested in acquiring the manuscript — produced in the 12th century at the German abbey of Helmshausen for Henry the Lion, Duke of Saxony and Bavaria, who founded Munich.

It was last heard of in Austria before World War II and caused excitement in the art world when an anonymous owner put it on the market two months ago.

The work is complete and the brilliant colours of its illustrations, lavishly depicting scenes from medieval court life, indicates that it has rarely been exposed to the light.

For centuries it was held in a Prague cathedral until it was bought for a huge sum in 1860 by the king of Hanover. It was later taken to Austria, where the Hanoverians were exiled.

A Boeing 707, armed with a laser gun, in flight. (UPI telephoto)

Airborne laser downs plane in American test

WASHINGTON (Reuters). — An airborne laser cannon destroyed an unmanned target aircraft and damaged two others in tests off California, the Pentagon announced yesterday.

It said the tests, conducted in late September, showed the ability of the high-energy laser beam to focus on a target and maintain contact long enough to burn through the target's skin and destroy its critical components.

The three tests reported yesterday were designed to find ways of protecting surface vessels from such low-altitude weapons as cruise missiles.

In a similar test in June, lasers downed five supersonic Sidewinder missiles.

Zimbabwe frees suspected prostitutes

HARARE (Reuters). — Zimbabwe's government has freed all women seized in a recent swoop on suspected prostitutes, which critics said led to the arrests of hundreds of innocent women, Acting Justice Minister, Edson Zvobgo, told parliament on Tuesday.

During a stormy debate started by black and white opposition members, Zvobgo said Prime Minister Robert Mugabe had ordered the women's release because of wrong methods used in the three-week operation. He did not say when they were freed.

The round-up provoked an outcry over allegations that police had picked up married and single women who are not prostitutes.

Printers battle UK police

WARRINGTON, England (AP). — Some 4,500 picketing printers and left-wing supporters battled 2,000 police early yesterday, but failed to stop publication at a non-union newspaper plant in this Manchester suburb.

Twenty-one policemen and 12 picketers were injured in the melee as protesters hurled rocks, bottles, cans and other missiles and officers formed human chains to push them back from the plant entrance.

Seventy-three people were arrested, Cheshire county police reported. One was charged with possessing a gun.

The National Graphical Association printing union organized the mass

protest outside the Messenger Group newspaper plant in a direct challenge to Prime Minister Margaret Thatcher's employment laws, which forbid workers from picketing a plant other than their own.

It hoped to prevent Messenger chairman Eddie Shah and his 120 non-union staff from printing and distributing the group's weekly press run of six giveaway local newspapers.

But printing went on behind the police lines, and a police spokesman said a vanload of newspapers left the plant shortly before 5 a.m., officers forcing a path for it through the pickets.

Ruling put off on anti-fascist Hitler house plaque

BRAUNAU, Austria (AP). — A judge yesterday deferred indefinitely a ruling on whether the Austrian government may place an anti-fascist plaque on the house where Adolf Hitler was born.

The lawsuit was brought against Austria by Gerlinde Pommer, owner of the house, which has been rented by the Interior Ministry since 1972 and subject to this upper Austrian city. The premises now accommodate a day nursery for retarded children.

Judge Leopold Heinrich Ammerer said proceedings had to be postponed, citing a variety of intricate procedural reasons.

A majority of the population is said to be indifferent to or totally against the plaque, which reads: "Never again fascism, millions of dead warn. For peace, freedom and democracy."

The court said the decree which set up the CNI in 1977 did not give it any powers to execute arrest warrants, powers which the 1980 constitution expressly limited to the paramilitary police (Carabineros) and to police detectives.

The CNI succeeded the National Intelligence Directorate (DINA), which was dissolved in 1977 after Orlando Letelier was killed by a car bomb in the centre of Washington D.C. DINA agents were implicated

in the murder of Letelier, foreign minister of the Marxist government ousted by the 1973 military coup.

Pinochet and Interior Minister Sergio Jarpa have insisted that to counter a terrorist threat they need the CNI, which has been granted special powers to hold people for five days in places which are not jails.

But the appeals court ruling said no law allows the existence of secret prisons and the government has since announced its intention to publish the location of the CNI's centres.

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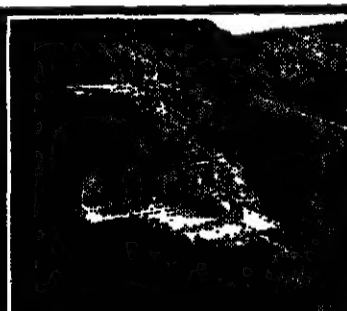
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Chilean courts curb secret police arrests

SANTIAGO (Reuters). — The activities of Chile's secret police have brought them a barrage of criticism recently, capped by a court ruling that they have no legal authority to arrest people or hold them in clandestine prisons.

The decision by a Santiago appeals court followed the public suicide of a man who set fire to himself, because no one would tell him where the secret police, better known as the CNI or National Information Centre, were holding his son and daughter.

Together with a raid last month on a house in the resort town of Vina del Mar by a judge investigating charges that the CNI was using it as a torture centre, the ruling is indicative of the more assertive stance adopted recently by the courts after a decade of military rule.

President Augusto Pinochet, however, has ignored calls from lawyers, doctors, opposition politicians, human rights groups and the

Chilean courts curb secret police arrests

Catholic church for the CNI to be curbed.

Many lawyers have attributed the new-found assertiveness of the courts to the election earlier this year of Rafael Retamal as the president of the country's Supreme Court. Retamal is noted for being immune to government displeasure.

His influence was seen behind the appeals court ruling of November 22 granting a writ of protection to a worker who said he was being followed by CNI agents. The court said they had no authority to arrest him or hold him in a secret prison.

The court said the decree which set up the CNI in 1977 did not give it any powers to execute arrest warrants, powers which the 1980 constitution expressly limited to the paramilitary police (Carabineros) and to police detectives.

The CNI succeeded the National Intelligence Directorate (DINA), which was dissolved in 1977 after Orlando Letelier was killed by a car bomb in the centre of Washington D.C. DINA agents were implicated

in the murder of Letelier, foreign minister of the Marxist government ousted by the 1973 military coup.

Pinochet and Interior Minister Sergio Jarpa have insisted that to counter a terrorist threat they need the CNI, which has been granted special powers to hold people for five days in places which are not jails.

But the appeals court ruling said no law allows the existence of secret prisons and the government has since announced its intention to publish the location of the CNI's centres.

القدس 1/12/83

Jordan to curb spending under its 1984 budget

AMMAN (Reuters). — Jordan, hit by world recession and reduced Arab aid, will continue to curb expenditure and boost financial self-reliance under a 1984 budget of \$2.10 billion presented to parliament this week.

Finance Minister Saleh Masa'adeh estimated revenue at \$9m. dinars (\$2.05b.), giving a 17.7m. dinar (\$47.8m.) deficit.

The budget allocated 204.6m. dinars (\$553.3m.) for defence and internal security, and 207.8m. dinar (\$562m.) for economic development.

Masa'adeh said total spending for 1983 was now expected to be 717.7m. dinars (\$1.94b.) below the original projections. He added that revenue from local sources and from Arab countries had fallen below expectations.

Masa'adeh said financial constraints had meant the government could not provide funds for a 200,000-strong reserve "People's Army" to help defend Jordan's 600 kilometre border against Israel, he said.

Masa'adeh also said that despite the negative effects of world recession on Jordan's economy, Gross National Product this year would rise 11.8 per cent at current prices, to 1.9b. dinars (\$5.1b.), from 1.7b. dinar (\$4.6b.) in 1982.

Jordan expected to receive 183m. dinars (\$495m.) in Arab aid next year, compared with 215m. dinars (\$581m.) it had hoped for in this year, he said.

An Arab summit meeting in Baghdad in 1978 agreed oil-rich Arab states would make financial grants to Jordan, Syria and Lebanon, all of which border Israel, and to the Palestine Liberation Organization.

Under the agreement Jordan was to receive a total of \$1.25b. a year from Algeria, Iraq, Kuwait, Libya, Qatar, Saudi Arabia and the United Arab Emirates for 10 years.

Masa'adeh said only Kuwait and Saudi Arabia had met their pledges this year, and non-payment by the others was "the main reason for Jordan's financial difficulties."

The budget of autonomous government bodies, including the Jordan University, was estimated at 450m. dinars (\$1.22b.).

Underground economy may involve up to 28% of GNP

Tax collectors unable to cope

By MACABEE DEAN
Jerusalem Post Reporter

TEL AVIV. — One of the fastest-growing aspects of Israel's economy is its underground branch — the part that does not pay income tax — and one of the most ineffective undertakings of the authorities is their effort to stamp out that underground economy.

This is stated by Naftali Ben-Moshe, head of the tax committee in the Histadrut, who, with Elhanan Dominsky, of the Histadrut's Institute for Economic and Social Research, has made a thorough study of the situation. They have collated studies made at Bar-Ilan and Tel Aviv Universities, and the Technion, and have collected data published by the income tax authorities.

According to a 1977 study (quoted by the Histadrut officials) made by Dr. Meir Ungar and Dr. Ben-Zion Silverfarb, of Bar-Ilan, the "black" economy accounted for between an optimistic 15 per cent of the Gross National Product (GNP) and a pessimistic 24 per cent. And Dr. Yosef Friedman, of Tel Aviv University, reports that in the years since then the subterranean economy ranged from 17 to 28 per cent of the GNP.

Dominsky notes that in 1982 the GNP did not grow at all, according to official figures. He points out that this is very strange, for according to Prof. Shlomo Meital, of the Technion, even during Israel's worst recession, in 1965-66, the GNP grew

by one per cent. "The obvious conclusion," he notes, "is that the GNP did grow, but the entire growth went underground." And according to his calculations, the situation in 1983 continues to degenerate.

As for punishment in what is called "serious cases," in 1981 only 50 persons or firms were brought to trial. Of these, one man was sentenced to nine months in prison, three received six months in prison, five received four months, 19 three months "or less"; 16 got suspended sentences, and the rest did not even get this.

Official figures for "serious cases" for 1982 give a similar picture. A total of 188 files were opened; of these, 105 were forwarded to the district attorney's office for prosecution and 43 were brought to trial. The 43 persons involved got a total (individual figures are not given) of 174 months of imprisonment, or 770 months of suspended sentences, or paid a total of IS 8,272,300 in fines.

Another 45 persons paid "ransom" fines for a total of IS4,285,300. Dominsky notes that the present situation "creates many negative phenomena and is destructive to society as a whole." Not only this, but the entire set-up violates the principles on taxation laid down centuries ago by the great English economist Adam Smith. He said that tax must be imposed fairly; it must be fixed, certain and clear, and it must be cheap to collect. Ben-Moshe points out that a

large part of the underground economy involves criminal elements — prostitution, drugs, burglary and fencing, from which it is almost impossible to collect taxes. "But taxes on the rest of that underground economy can be imposed and collected," he says.

But this requires efficient and highly-trained personnel in the income tax department. Ben-Moshe says that there are plenty of good people there, but "a lot of them, as soon as they learn the tricks of their profession, leave government service and set up office as tax advisers, helping their clients find loopholes in the law. If we want to keep these officials in government service, we have to pay them a salary commensurate with what they can earn in private business."

Ben-Moshe would also like a list of all adults drawn up, and each one identified as to his source of income. He believes that there are thousands of persons working in the economy who have no file with the income tax authorities.

He thinks that there should be a cross-reference between the benefits a person gets from the government (such as children's allowance) and their actual income.

Finally, he would like to see the American "sample survey situation" set up here. The file of every tenth person would be gone over with a fine-tooth comb — and if any irregularities were found, that person would be subjected to a severe audit year after year.

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Dollar value of all stocks down 11 per cent in November

By MACABEE DEAN
Jerusalem Post Reporter

TEL AVIV. — The dollar value of all stocks traded on the Tel Aviv Stock Exchange dropped by 11 per cent, to stand at \$6.8 billion, from November 1 to 29, according to the Securitem financial consultants.

Commercial banks constituted 65 per cent of the entire market activity. Despite the "arrangement" which gave government support to most of the banks, they fell in value

by eight per cent (for \$400 million) in the period under review.

During this period the dollar rose by 13 per cent in relation to the shekel. Thus, if bank shares are supported at their "shekel price," and the shekel is devalued, the shares lose a part of their dollar value.

The ten biggest companies now account for 68 per cent of the entire market, compared to only 47 per cent at the end of 1982.

The ten biggest companies:

Name	Sm. value 31.12.82	Sm. value 31.10.83	Sm. value 29.11.83	rise or fall in Nov.	rise or fall since Dec. 82
Hapoulim	1,926	1,413	1,300	(119)	(627)
Leumi	1,772	1,364	1,214	(508)	(558)
IDB	887	666	614	(52)	(74)
Discount	652	484	484	(168)	(168)
Mitah	484	369	344	(120)	(140)
IDB Dev.	418	293	162	(131)	(236)
Eilon	153	111	141	30	(12)
Elbit	88	72	135	68	47
Dead Sea	768	150	125	(25)	(631)
Cial	514	121	92	(29)	(442)

Figures in brackets denote a loss; those without brackets denote gains.

Elron rose in November, but fell since beginning of the year; Elbit made a spectacular rise in November and has been in the black all year.

As for the various categories, since the beginning of the year com-

mercial banks have fallen in value 60 per cent, financing institutions 58 per cent; insurance companies 85 per cent; trade and utilities 62 per cent; land development, 88 per cent; industry 71 per cent; investment companies by 78 per cent; and oil companies 77 per cent.

Tapping market for sports tourism

By HAIM SHAPIRO
Jerusalem Post Reporter

A group of 14 West German sports writers and sportsmen this week concluded their visit to Israel as the first of a series of such groups.

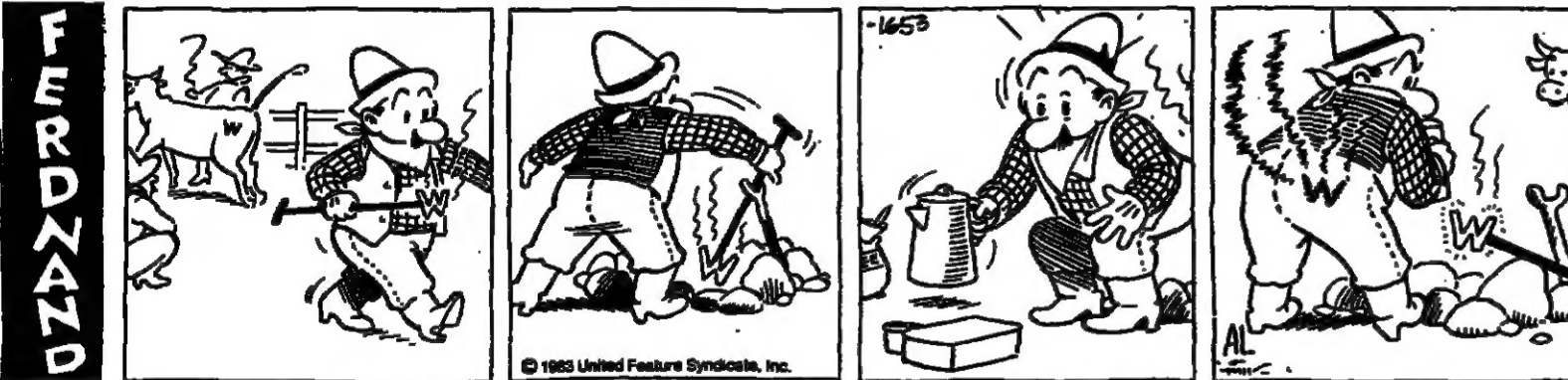
The visits are part of a Tourism Ministry's campaign to publicize Israel as a centre for winter sports and sport training for Western Europe. The ministry guests meet with sportsmen and sports writers and visit local facilities.

Directors of Israel Government Tourist Offices abroad have been asked to increase their marketing efforts in this hitherto neglected aspect of the tourist industry.

New Paz station

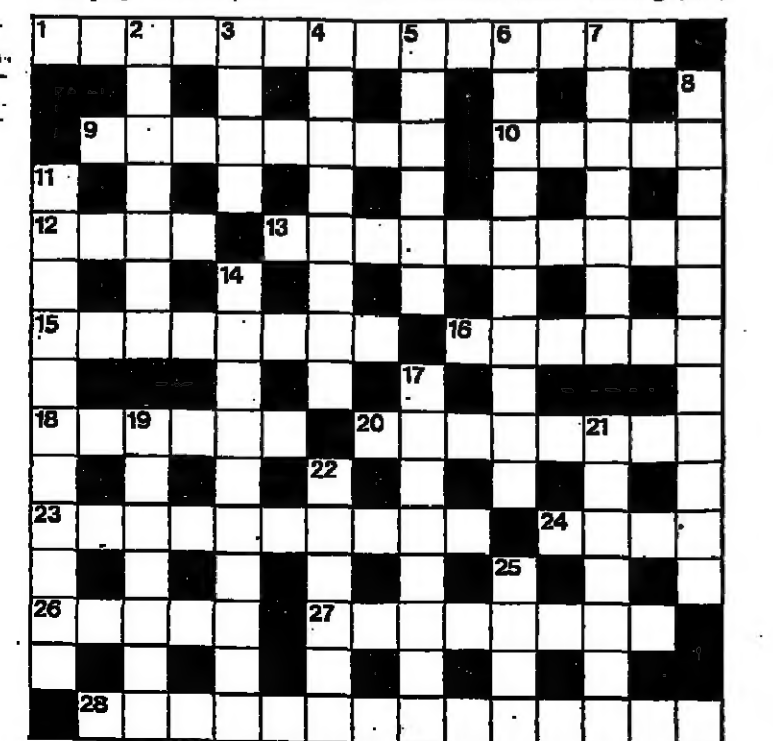
TEL AVIV. — The Paz chair recently opened a new station, at 178th, on the road leading to the Mandarin Hotel and the Country Club, the continuation of Rehov Ibn Gvirol. The station is intended to serve residential quarters north of the river Yarkon, Kiryat Hineel and traffic making its way north to the various hotels and the coast area.

The new station has eight petro and heating oil pumps, and will operate round the clock. A buffet is to be opened there shortly.



ONE-AND-ONE CROSSWORD

- ACROSS**
- The marginal advantages some jobs offer (8, 6)
 - Currency controller shedding hot tears (8)
 - Unsophisticated French spa making a come-back (5)
 - Breezy tunes? (4)
 - Girl ringing a bell that has a sweet buty tone (10)
 - Sporadic tirade about a revolutionary projection (8)
 - Put into gear? (6)
 - The meat ball that went on the fire? (6)
 - Free from worry, but slipshod about performance (8)
 - About a hundred new radio sets sent to Coventry (10)
 - German emperor from whom we have a lot to learn (4)
 - Financial aid Lincoln relied on to win the Civil War (5)
 - Enormous numbers of small West Indian fish (8)
 - Something children can learn to play with (11, 3)
- DOWN**
- Spanish girl hiding her sticks? (7)
 - A stupid fellow? Don't talk nonsense! (4)
 - Fighting advocate of prohibition baling out (8)
 - An upright and amazingly true character (6)
 - Trust in something that's foolish? (4, 6)
 - A child of three allowed on an excursion (7)
 - Could be one's private bete noire (3, 8)
 - A gripping article for the fireside (4, 2, 5)
 - Classical man in court imbroglio (10)
 - A large station court later modified internally (8)
 - Acquired territory on the Swedish side of the Baltic (7)
 - Clearly out of this world (7)
 - The destiny of the Arab people (6)
 - Location of EEC's most famous listed building (4)



GENERAL ASSISTANCE

EMERGENCY PHARMACIES

Jerusalem: Kupat Holim Clalit, Romema, 523191; Balsam, Salah Eddin, 272315; Shu'afat, Shu'afat Road, 910108; Dar Eldawa, Herod's Gate, 282058.
Tel Aviv: Mor, Shikun Bavi, 440552; Kupat Holim Clalit, 7 Amsterdam, 225142; Petah Tikva: Kupat Holim Clalit, Haim Ozer, 905271.
Netanya: Carmel, Kiryat Nordan, 51774.
Haifa: Leumi, J. Hassan Shukri, 672274.
Harmat, K. Motzkin, 715136.

DUTY HOSPITALS

Jerusalem: Hadassah Ein Kerem (pediatrics, ophthalmology). Bikur Holim (internal, ENT.), Shaze Zedek (obstetrics, surgery, orthopedics).
Tel Aviv: Rokah (pediatrics), Ichilov (internal, surgery).
Netanya: Laniado (obstetrics, internal, pediatrics, gynecology, surgery).

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QUICK CROSSWORD

- ACROSS**
- Middle
 - Captured
 - Oblong
 - Bearing
 - 10 Gape
 - 11 Anaesthetic
 - 13 Charm
- DOWN**
- 1 Russian peninsula
 - 2 At that time
 - 3 Domain
 - 4 Sea-ee
 - 5 Unslightly
 - 6 Sharp pain
 - 7 Felike
 - 8 Listen for secrets
 - 11 Sioned
 - 12 Pine secretion
 - 13 Condition
 - 14 Encircled
 - 15 Gimcrack
 - 16 Duty list
 - 21 Common sense
 - 22 Blessing

FIAT 127

1984 Models — new design — surprising prices

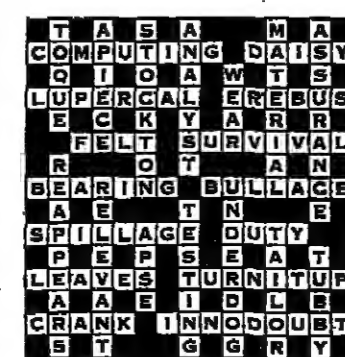
IS731,542 * SUPER — 1050 cc 5 gears

PANORAMA (station) 1050 cc 5 gears IS761,005

- Prices include VAT and licensing accessories but not government deposit.
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YESTERDAY'S SOLUTION



QUICK SOLUTION

- ACROSS:** 1. Humerus, 3. Tails, 5. Toxic, 8. Grade, 10. Hurricane, 12. Net, 13. Pepper, 14. Rapier, 17. Aug, 18. Chumelton, 20. Seaweed, 22. Album, 23. Latin, 24. Dressed, 25. Gown, 1. Hatch, 2. Mix, 3. Receive, 4. Signal, 5. Tense, 6. Infante, 7. Swallow, 11. Reptant, 12. Paradox, 13. Average, 14. Candid, 15. Clean, 19. Nomad, 22. Bus.

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Hope of U.S. aid sparks market

TEL AVIV — The optimism Prime Minister Yitzhak Shamir expressed in Washington regarding financial aid for Israel's economy helped keep shares moving higher here yesterday. The prospect of injection of substantial capital into the flagging economy was just the right medicine for the share market.

The General Share Index, commercial banks excluded, was 1.36 per cent higher. Sharply rising issues outpaced losers by more than two-and-a-half to one. Along the way there were five "buyers only" situations, while three "sellers only" issues advanced by more than five per cent.

There was a rise in the turnovers, which totalled just a hair over \$559 million. Of that total \$125.8m. was traded in non-banking securities. The commercial bank group was not far behind the general averages. The Hapolim shares, which had exhibited some softness over recent sessions, surged back and advanced three per cent. The Mizrahi shares matched this action and also advanced three per cent.

Yesterday, being the last session in November, was used to square positions on the index-linked bond market. Scattered gains of up to three per cent were visible in some of the groups of index-linked bonds. Turnovers in bonds exceeded those of the share market by a comfortable margin, as they reached more than \$185.2m.

The shekel was devalued by 79 percent against the dollar. The devaluation of the shekel is closely controlled by the Bank of Israel, which keeps it in line with the guidelines set by the finance minister. These call for a rate of

Tel Aviv Stock Exchange

By JOSEPH MORGENTHAU

devaluation equivalent to the monthly rate of inflation and almost identical in terms of the American dollar and the major European currencies.

In the mortgage bank group it only took a nominal value demand of \$11.300 to hike the price of the Binyan Mortgage Bank shares by a full 10 per cent. Others in this group traded within a margin of two per cent, in either direction.

Insurance issues traded lower, as Ararat 0.1 was clipped for a 12.3 per cent loss, while the 0.5 shares declined by 10.1 per cent.

The service and trade issues, on a sectoral basis, advanced by nearly two per cent. Delek gained 5.8 per cent, while Teta 5 was rising by almost a full 10 per cent. The Nikuv Computer shares were 10 per cent gainers.

The land development, real estate and citrus plantation group was down by just under one per cent. Property & Building maintained its easing action with a 15-point loss. Modul Cement was in the "sellers only" list. Hadarim Properties was among the few solid gainers, as the shares zipped ahead by nearly 10 per cent. Shen-Har was dropped for a 13.8 per cent loss.

The optimism regarding hopes of American aid found the greatest expression in the industrial sector. Here prices gained by 2.81 per cent. Elbit Computers rebounded and gained 7.8 per cent. Elbit is generally considered as a potential major beneficiary of military spending.

Elron Electronics, Elbit's parent, was ahead by 2.5 per cent. Alliance Tire came through with a six per cent advance.

Art, a leader in the optical lens field, was a 10 per cent gainer. The Dead Sea Works edged 3.2 per cent higher. Cyclone Aviation, a potential recipient of American funds to be used on the Lavi project, saw its 1 share rise by 1.6 per cent, while the 5 stock was nearly nine per cent improved.

Cial Electronics picked up 3.3 per cent. Investment company equities were also in demand, and there were some good price gains. The Incoba shares were nearly 10 per cent higher, while Central Trade carved out a full 10 per cent rise.

The Discount Investments shares were ahead by 10 per cent. Pirion 5 also joined the 10 per cent winners' circle. Pirion edged higher by nearly eight per cent.

The Ata Textiles shares did not trade yesterday in the wake of the company's announcement of a \$10 million financing package, which included a mixed bag of support by the Eisenberg Group, Bank Leumi and the government. Concurrently a new public financing issue aimed at raising \$540m. was announced. The underwriter for the issue is the Eisenberg Export Co., which is one of the important shareholders in Ata. \$489m. 1 ordinary shares priced at \$1.10 and \$153m. options convertible into ordinary shares upon payment of \$1 and due to expire December 31, 1984, and priced at \$0.05, will be offered.

The offering is made to existing shareholders in 2.4m. units. Each unit consists of 200 ordinary shares and 200 options at a price of \$1230 per unit.

U.S. banks sound despite loan problems

WASHINGTON (Reuters). — Despite the collapse of 43 U.S. banks so far this year, industry experts and government officials insist that the American banking system is basically healthy.

An international debt crisis and heavy losses on energy loans threaten some U.S. banks, and many "problem" banks are under special supervision by regulatory officials.

In a series of recent interviews, however, officials at the Federal Reserve Board (central bank), the Treasury Department and regulatory agencies joined bankers in dismissing the notion that the high failure rate or problems with foreign and energy loans were warning signals of a financial crisis.

"We think the industry is fundamentally healthy," said comptroller of the Currency, C. Odell Conover, whose Treasury department agency supervises the nationally-chartered banks which take up about one third of the country's \$14,500 banks.

Conover has predicted that the number of bank failures this year will rise to more than 50 by the end of December, but he remained optimistic about the future of the industry.

"While the 42 failures in 1982 and 43 so far this year are up significantly from previous years, we are still only talking about 43 banks out of 14,500," he said. "The number of new banks chartered this year will exceed the number that fail."

The Federal Deposit Insurance Corporation (FDIC), a separate agency that insures deposits up to \$100,000 at nearly all of the nation's banks, has about 600 banks on its so-called "problem" list for extra supervision.

But both officials and private bankers said the relatively high number of failures and problem banks was a temporary phenomenon reflecting the effects of long recession.

"Whenever the country goes through a recession, banks do too, but with a lag," said Michael Penzer, a senior economist at the Bank of America.

"The problem loans are showing up now, and some people get panicky. They forget that we went through the exact same thing after the 1973 recession."

But far from facing a cash squeeze, banks are awash with new deposits as a result of recent regulatory changes which allow them to pay market interest rates to customers.

"The money is rolling in the door right now, and it's a sign of basic strength in the system," Penzer said. Thomas Thompson, chief economist for the San Francisco-based Crocker National Bank, said losses on energy loans by banks in oil-producing states like Texas and Oklahoma were "very much an isolated phenomenon."

The banking system has probably seen the worst of the Latin American debt crisis. The decision of the International Monetary Fund

regarding fresh supporting loans to Brazil — the Third World's largest debtor — and the success of private banks in assembling a new \$6.5 billion Brazilian loan package are signs that the banking system is coping with the international debt problem.

Private bankers discounted fears by some European banking officials of a "liquidity crisis" in which major U.S. banks, overburdened by losses on foreign or energy loans, would become so pressed for cash that the Federal Reserve Board would have to pump huge amounts of money into the economy and risk a renewal of inflation.

"The idea of the Fed adopting an expansionary monetary policy so that we could inflate our way out of this problem is so remote that it strikes me as absurd," one leading banker said.

The bankers also discounted the possibility of a world financial crisis caused by foreign debt problems.

"If three Latin American countries simultaneously repudiated their debts, it is certainly true the U.S. money center banks have foreign loan positions that could cause severe problems," one bank executive acknowledged.

Slight easing of inflation in EEC

BRUSSELS (Reuters). — The annual inflation rate of the ten-nation European Community fell slightly, to 8.4 per cent, in October from 8.5 per cent a month earlier, the Community's statistics office Eurostat said yesterday.

Consumer prices rose 0.8 per cent last month, down from a 0.9 per cent increase in September, it said.

Eurostat said annual price rises were lowest in Greece, at 20.8 per cent, Italy at 13.3 per cent, and France at 10.3 per cent.

The highest inflation rates were recorded in Greece, at 20.8 per cent, Italy at 13.3 per cent, and France at 10.3 per cent.

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Ar Rath
Editor and
Managing Director

THE JERUSALEM
POST

Erwin Frenkel
Editor

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Kislev 25, 5744 • Safar 25, 1404

Useful visit

PRIME MINISTER Yitzhak Shamir is returning from Washington professing himself well pleased with his achievements there. He has spoken of an unwritten alliance between Israel and the U.S., of an impending "new era" in the relationship, of major progress in economic, political and military cooperation.

But even Mr. Shamir acknowledges that while the framework is impressive it needs to be filled with meaningful content in the future. Only the future will tell if the promises, accords and commitments — some of them made in the past, too — will be implemented.

Indeed, Mr. Shamir's injection of caution and realism into his own upbeat account of the talks is another of those welcome changes of style instituted by this ostensible "government of continuity." The premier's predecessor, and Mr. Arens' predecessor at the Ministry of Defence, were wont on such occasions to obfuscate the realities in a fog of euphoria.

Messrs. Shamir and Arens deserve credit, too, for their workmanlike approach to the talks. Neither of them a rhetorician, they did not indulge in pathos but focussed rather on bread-and-butter discussion for which they had been well prepared by assiduous staff work. This methodology, and the two men's affable personal traits, seem to have stood them in good stead with the top echelon of the American administration.

As to the substance of the discussions, a very great deal seems to have been left to be finalized in subsequent negotiations, some to begin without delay, others less immediately. There will be some strategic cooperation, and some tariff concessions for Israeli exports. But how much, and when — these are still uncertain.

At the same time, the U.S. appears more willing than in the past to make a deliberate demonstration of amity and coordination with Israel. The fear of negative Arab reaction seems to have receded. Indeed there is a positive attempt by Washington to impress — and thus deter — the Syrians by a show of tangible solidarity with Israel.

Internal political considerations in a presidential election year are also presumably involved.

It should be noted that the gap or time-lag between the enunciation of the Reagan-Shamir agreements in principle, and their realization in practice, gives the administration useful, and not unintended, room for maneuver. That may yet be used in connection with Lebanon, though at the moment America and Israel seem entirely at one over the Lebanon issue.

It doubtless would be used if the "Reagan Plan" became a viable option. The president put Mr. Shamir on notice that the plan is still his administration's basic blueprint for a Palestinian solution. And, while U.S. officials were pleased at Mr. Shamir's characteristically uncontentious response, they could not be deluding themselves into thinking that the Israeli premier's reported agreement to "take another look" at the plan presages a change of policy on Israel's part.

Once again then, as so often in recent years, the crucial move is for King Hussein to make or miss.

If, following the splintering of the PLO, Jordan signals that it is belatedly ready now to shoulder its peacemaking responsibilities, the U.S. administration will become more insistent — or so it implies — in requiring Israel to "take another look" at the Palestinian problem.

Public opinion pendulum

ONLY A WEEK has passed since the six Israeli soldiers captured last year by Fatah during the Lebanese war were returned in a prisoner exchange. Within this short space of time the massive celebration of their safe homecoming has surprisingly turned into increasing condemnation.

The critics have made some valid points. In releasing thousands of PLO prisoners in payment for the six, Israel yielded to crude blackmail. The public welcome for the six, aided and abetted by radio and television, was wild beyond measure. And the six themselves were no heroes, indeed their conduct in allowing themselves to be captured without a fight was hardly exemplary.

But the criticism itself has by now strayed beyond the bounds of decency. The prisoner swap was agreed to because there was no alternative to it, and many more PLO prisoners will doubtless be released if, and when, Ahmed Jibril finally consents to return the two Israelis his PFLP-General Command holds. The strange festival of public approbation that greeted the six upon their arrival in this country was surely not their work. And while the six were no latter-day Maccabees, they certainly were not the villains that the former chief of staff, Rafael Eitan, has now made them out to be.

They were inexperienced young soldiers, barely out of basic training, who were obviously distraught at having given themselves up so easily to their captors. Whatever guilt attaches to them has in any case been expiated by their long incarceration.

Mr. Eitan, however, wants an investigation into the circumstances of their capture with the threat of a court-martial at its conclusion. Why? The many reported, though not officially acknowledged, failures of the Lebanese war, under Rafal's generalship, have gone unpunished. It is preposterous to single the six out for special chastisement.

The pendulum of public opinion seems now to have swung from one extreme to the other. What is needed is balanced judgment.

WILL HYPER-INFLATION bring about the collapse of the cost-of-living allowance system?

"No. But it will force this system to adjust itself to rapidly changing conditions," says Prof. Arie Shirom, director of the Institute for Social and Labour Research at the Tel Aviv University. He defines hyper-inflation as inflation beyond 10 per cent a month. According to this definition, Israel is already experiencing hyper-inflation, for the index rose by an unprecedented 21.1 per cent in October, and it is expected to be considerably more than ten per cent for both November and December.

(Israel has already had two other such indexes. In April, 1982, it was 10.7 per cent, and again in April, 1983, it was 13.3 per cent.)

Even if the index in the next few months is lower than October's 21.1 per cent, there are indications that it will be above 10 per cent, and that this will only be the lull before the storm. For in April, 1984, the doctors are to receive basic wage hikes of more than 40 per cent.

It is doubtful whether the rest of the population, especially such professionals as engineers, teachers and nurses, will sit back with folded hands. They will demand somewhat similar pay hikes, and demands can be expected to spiral, for the doctors, after a long and bitter strike, will not allow their proportional gains to be wiped out.

BEFORE EXAMINING the implications of all this, let us consider exactly how the present cost-

BECAUSE OF the host of crises and isores in recent days, we have been neglecting one of the most important issues in the Israeli economy — the economic literacy of the minister of industry and trade. Fortunately, the minister succeeded in reminding us of the urgency of this matter in a recent interview he granted to one of the newspapers. In that interview he expressed outrage at the formation in Israel of what he called a "grey market for loans," which he claimed was "rolling over millions of dollars each year."

Fellow citizens, I am afraid that all the budget cuts notwithstanding, we can no longer put off the unavoidable. The country has no choice. We must set up a public fund to send Gideon Patt to college.

Patt has added a new dimension to the Orwellian of Israeli political economy. The "liberalism" of the Liberal minister bears as much relation to true liberalism as did Aridor's "correct economics" to correct economics.

Since his appointment, Patt has been Israel's foremost advocate of greater protectionism in foreign trade. He increased the number and level of import taxes and restrictions; he led a quixotic campaign against the windmill of dumping; he bragged that he was trying to throw a monkey wrench into Israel's imports; and he sired a new boondog-

READERS' LETTERS

MAKING ALIYA

To the Editor of The Jerusalem Post: Sir, — Mr. MacMillan of Toronto, Canada, has put his foot in it (Letters — November 22). I am not some sort of armchair activist unwilling to turn his convictions into action.

Some time ago, I wrote a letter to The Jerusalem Post which appeared on October 3. In that letter from Australia, I stated my belief that Israel needs a population of at least 10 million Jews; that living in Galut is useless Jewishly; and that I wished that young people especially would come here.

In fact, my letter appeared a short week before I arrived in Israel for a study programme at the WUJS Institute in Arad. At the moment, I am engaged in a Hebrew Upan and Jewish Studies course at this institute. Afterwards, I hope to get a job in the accounting profession or a related field. I want to stay in Israel.

WARREN (CHAIM) LANG
Arad.

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Pitfalls of indexation

By MACABEE DEAN

of-living allowance system works. Although it has been on the local scene for the past 43 years — since before the State was founded — most persons don't have the foggiest idea about how it works.

Under the present system (it has been modified several times), allowances are paid every three months.

In calculating the next cost-of-living allowance, three brackets are used. If the index rises in these three months by less than 20 per cent, then salaries increase by 80 per cent of the rise in index. If the index rises between 20 and 30 per cent, 85 per cent of this is paid; and if it rises by 30 per cent or more, 90 per cent of the index is paid.

In June, 1983, the index (in points, not in percentages) stood at 1,022 points; three months later, in September, it had risen to 1,268.3 points. Subtracting the former from the latter gives us 246.3 points, and this is 24.1 per cent more than 1,022 points. If we take 85 per cent of this, we reach an allowance of 20.5 per cent. (The figures are

rounded off). This percentage translated into shekels was added to salaries up to a monthly maximum of 1564,307, or a daily wage of 152,572.28 (on the basis of 25 working days a month.)

Several interesting facts emerge. Firstly, why pay only 80, 85 or 90 per cent of the index rise? The reasoning here, according to Shmuel Grinspan, of the Histadrut, is that it gives the workers an opportunity to negotiate for higher basic wages (either by increasing productivity or by bringing pressure). If they were to get a 100 per cent hike, they would feel "trapped."

Secondly, the 20.5 per cent allowance for the three-month period ending September 30, is paid not early in October, with September's wages, but in November, with October's wages. The reason is that September's index is known only on October 15, and it takes some time until the calculations are made for each person. Thus, there is a full month's delay in payment.

Thirdly, the greater the allowance paid — this is very interesting — the

less actual take home pay (or purchasing power) a worker has. For higher payments move a person into a higher income tax bracket — although the actual purchasing power of his wages has not been increased. So, unless the Finance Ministry periodically changes the income tax brackets, workers make less, not more, under the present system.

Fourthly the present agreements make absolutely no provision for an "advance" on account of the three-month allowance. But a precedent was established in 1979, when two advances were paid.

Thus, paying an advance seems to be an act of generosity on the part of the employers. But it is far from this, for if it were not paid, labour unrest would result, and production would slow down. Moreover, any advance is deducted from the allowance, so *evidently* the employers are not losing anything. But this is not so, because the value of the shekel paid today is greater than the shekel deducted in a few months.

And, finally, the 20.5 per cent allowance paid in November has been wiped out entirely by the 21.1 per cent hike in October's index.

WHAT IS the solution if the November index, and subsequent ones continue to be above ten per cent? According to Professor Shirom, one solution is to consider paying monthly allowances. This will do away with the arguments about paying an advance, how much of an advance and when. Moreover, he does not believe that

monthly allowances will increase inflation "for according to all economic studies, including those by the Bank of Israel, wages have not caused inflation since 1978. Inflation has been caused by the government's deficit budgetary policy, and by printing money to cover this deficit."

The solution, then, is to cut government spending. But this will lead to unemployment. The unemployed will be living off unemployment compensation, and the government will have to increase its budget to provide the funds to pay it, and this means printing money. So, little has been gained, evidently. But, Shirom points out, unemployment compensation will be paid only until the workers are retrained for productive work. Then the situation will begin to improve.

This is a long-range programme. It takes a year or two (if not more) to turn a clerk into a factory hand. What will happen in this period if the index continues to rise each month until it reaches October's 21.1 per cent and continues beyond this?

When the rate of inflation reaches 1.5 per cent a day, or 40 per cent a month, super-hyper-inflation has set in, and monthly allowances will not be sufficient. Then the most likely development will be a very shaky monetary system, with people turning to foreign currency or going back several thousand years and rediscovering the barter system.

The writer is a member of The Jerusalem Post editorial staff.

The patter of Patt

By STEVEN E. FLAUT

gle called "exchange rate insurance," which is currently costing the country a cool billion dollars a year. The exchange rate insurance programme turns out to be a miracle cure for a disease that has yet to be discovered.

BEHIND each of Patt's programmes lurks a total misunderstanding of the country's economic needs. He was persuaded to prevent import dumping even though "dumped imports" are nothing but cheap imports. Obviously, it is in the national interest to import goods as cheaply as possible when they cannot be produced efficiently in the domestic market. Restrictions on dumping simply raise the profits and prices of domestic special-interest groups, fuelling inflation, and all at the expense of the consumer.

Then, Patt began advocating a new policy of supporting only those exports with a high proportion of domestic added value. The trouble with that idea was that these exports are not necessarily the ones that yield the highest foreign currency earnings. His application would severely damage the country's balance of payments position. Fortunately, someone pointed that out to the busy minister, and he dropped the idea.

Meanwhile, Patt created exchange rate insurance, which was supposed to protect exporters against exchange rate fluctuations. Apparently he had never heard of forward contracts, because if he had, he would have known that such insurance is already freely available at every commercial bank in Israel and abroad.

Exchange rate insurance is another economic Orwellism. In fact, it is nothing but a subsidy programme. Export subsidies are not only contrary to economic liberalism, they harm the economy.

WHEN THE government sets a different tariff duty for every single import and a different subsidy rate for every single export, the victims are efficiency and the balance of payments. Instead of Israel's precious resources being allocated according to efficiency and productivity, they get distributed according to the caprice of the bureaucracy.

If there is one area where the damage from government policy is even greater than in foreign-trade policy, it is in the allocation of credit and capital. Patt needs to understand basic principles, to learn why it is so important that a nation's capital be allocated according to efficiency and profitability considerations, rather than bureaucratic caprice.

The Israeli capital market is largely nationalized, most credit being handed out by the government to its favourites. The government allocates or "guides" capital at prices that are too low, often at negative real interest rates, causing a perpetual excess demand for credit. On the other hand the government piles one tax, restriction, obstacle and penalty after another on the various savings schemes available to the public, causing savings to devalue. (Have you heard the new latest joke about PATAM? It's the acronym for Put All The Assets under the Mattress.)

CONTRARY to a popular belief among government officials, there

(An explanation of the reason will be left as a homework assignment for the minister, to be handed in after his finals.)

Patt apparently has no conception of what international trade is all about. Israel must import goods when the imports cost less than their domestic equivalents. In effect, Israel needs to specialize in producing these goods that she is best at making. If one can import a refrigerator and "pay" for it by exporting something that costs \$100,000, it would make no sense to produce it domestically at a cost of \$200,000. When the Ministry of Industry and Trade rails against imports and preaches buying blue-and-white in all circumstances, it is really causing a misallocation of Israel's scarce resources.

Now, when two consenting adults decide to lend to one another, there is nothing immoral or indecent involved. So why is Patt squawking? In his own words, because the money "might slip out of government hands" (*Ha'aretz*, November 11). But that is exactly what is so good about the phenomenon. Credit allocated by the government is misallocated credit. Patt goes on to warn that if something isn't done to prevent this, the international Mafia will exploit the situation to take over parts of the economy.


Among the ferocious mafiosi mentioned by Patt were the women of WIZO and the Kibbutz Movement, who by-passed the banks and lent their funds to the hard-pressed Ata company, clearly a grievous sin.

The minister was particularly incensed at the WIZO godmothers, because they had the gall to lend money to Ata after they had applied to him for funds for their nutritional programme for children's hostels. Bravo, ladies! By-passing the government's credit control mechanism is no less a Zionist duty than child nutrition. The true "grey market" for loans is the one administered by the government bureaucracy.

We can wait no longer. We must set up a fund for sending the minister of finance and industry to college.

The writer teaches economics at the Herta and Paul Amirson School of Business Administration, Bar Ilan University.

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POSTSCRIPTS

PS TIME-consuming, outdated, expensive, opinionated, or just plain boring: these are among reasons cited by some of the 14,000 Spaniards interviewed in a survey to explain why they do not read their newspapers.

Only eight out of 100 buy a daily newspaper, according to the survey by the Association of Spanish Newspaper Editors. Spain is therefore a culturally underdeveloped country in terms of newspaper readership, according to UNESCO standards.

Just over 3 million newspapers are sold daily in Spain, giving a ratio of 8 per cent compared with levels of some 40 per cent in Israel and in northern Europe.

The survey aimed in part to find out what proprietors and journalists must do to make their papers livelier.

One finding which cuts against the grain of a school of journalism still popular in the country was that Spaniards wanted more news and less opinion in their newspapers. Several national dailies run pages of essays and opinion columns.

Readers and potential readers sought more local and cultural news, more items orientated to the consumer and more space devoted to leisure.

The survey also examined reading habits and found that the average purchaser spends 35 minutes reading his newspaper.

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